

CITY OF KIGALI

KIGALI ECONOMIC DEVELOPMENT STRATEGY

FINAL REPORT



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NOVEMBER 2001

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List of Abbreviations

KEDS	Kigali Economic Development Strategy
CoK	City of Kigali
ORTPN	: Office Rwandan national office for Tourism and National Parks (Office Rwandais de Tourisme et Parcs Nationaux)
ICT	: Information and Communication Technology
EDP	: Entrepreneurship Development Programme
GDP	: Gross Domestic Product
USA	United States of America
NGO	: Non Governmental Organisation
RFSP	: Rwandese Federation of Private Sector
NIC	: National Industry Committee
CASA	: Cellule d'Appuis au Secteur d'Artisanat
CIO	: Craft Industry Organisation
NTB	: National Tender Board
KIST	: Kigali Institute of Science, Technology and Management
UAAC	: L'Université Adventiste d'Afrique Centrale
UNILAK	: L'Université Laïque Adventiste de Kigali
ULK	: L'Université Libre de Kigali
KIE	: Kigali Institute of Education
KH	: Kigali Health Institute
IPRSP	: The Interim Poverty Reduction Strategy Paper
ISAE	Institut Supérieur d'Agriculture et D'élevage
ETO	Ecole Technique Officielle
GDP	Gross Domestic Product
PVK	Préfecture de la Ville de Kigali
NGO	Non Governmental Organisation
GOR	Government of Rwanda
MINITRACO	Ministry of Transport and Communication
MINECOFIN	Ministry of Economic Planning and Finance
MINICOM	Ministry of Commerce, Industry and Tourism
MININTER	Ministry of International Affairs
RDC	Republic Democratic du Congo
ATRACO	Association des Transport en Commun
ONATRACO	Office Nationale de Transport Commun
CEPGL	Communauté Economique de Pays des Grands Lacs
DRC	Democratic Republic of Congo
TV	Télévision
APAPE	Association des parents- pour-l'Education
ISFP	Institut Supérieur des Finances Public
ADB	African Development Bank

COGEAR	Compagnie Générale d'Assurance du Rwanda
SONARWA	Société National d'Assurance du Rwanda
SORAS	Société Rwandaise d'Assurance
MTEF	Medium Term Expenditure Framework
RIPA	Rwanda Investment Promotion Agency
UK	United Kingdom
CAPMER	Centre d'Appui aux Petites et Moyennes Entreprises au Rwanda
FRSP	Fédération Rwandaise du secteur privé
RRA	Rwanda Revenue Authority
US	United States
NBR	National Bank of Rwanda
BCR	Banque Commerciale du Rwanda
BANCOR	Banque à la Confiance d'Or
BACAR	Banque Continentale Africaine au Rwanda
UBPR	Union des Banque Populaire du Rwanda
NPL	Non Performing Assets
UNHCR	United Nations High Commission for Refugee
CRDP	Community Reintegration and Development Project
CRS	Catholic Relief Services
MIGA	Multilateral Investments Guarantee Agency

RATIONALE OF THE STUDY

The process of development, during the last few years, has witnessed the massive migration of the people from rural settings to urban areas all over the world. This trend in developing countries is much more pronounced as the people have been moving to cities in search of employment opportunities and better life options, especially because the rural area base environment does not offer better alternatives and lacks basic social facilities such as clinics and schools. However, this migration is done at a cost. Among other problems, it has impacted greatly on urban activities due to ever-increasing pressure on urban social services. The population density has surpassed the social service facility meant for it in almost all sectors including water supply, power provision, and sewage and sewerage services. In addition, the urban market status does not support the rural-urban influx and results in a severe unemployment crisis. In search for alternatives, many people are forced into criminal activities.

In developing countries where urban centres are growing in size and complexity, it is difficult to mobilise resources to deal with problems in time. All stakeholders need to be involved in these decisions, and base them on clear information. This study aims at contributing to this process.

The main emphasis in city development lies on the development of basic infrastructure facilities like transportation, water supply, housing, education, health, sewage, electricity supply, communication etc. Higher population growth rate than expected leads directly to the failure of these infrastructure facilities. Management and planning of these facilities therefore requires serious attention.

According to the 1991 population census, only 6% of the population lived in urban areas. However, in 1999 the urban population was estimated to be between 10% - 12%. This shows that the population in the city of Kigali and other urban centres has almost doubled since 1991 and this has increased drastically the demand for housing and other urban services. It is also observed from the studies that after the 1994 genocide, the development of the city of Kigali has been spontaneous, uncontrolled and haphazard. The results of this include inefficient land use, inefficient use of limited resources, and a negative impact on the environment as well as on social and security conditions.

The rapid growth in population has also placed a high demand on urban and infrastructure development. Increasing urbanisation is slowly bringing with it the problems of pollution due to increased poor waste management and insufficient sewage systems as well as pollution from vehicles which are increasing daily.

Urban strategic planning is a complex phenomenon, which requires an enormous amount of data to support decision-making. As such, the success of planning for urban developmental activities for the city of Kigali depends on the quality and quantity of information available concerning various factors such as environmental, physical, socio-economic, natural, etc. It is essential to devise a computerised information system which is capable of handling a vast amount of data collected by modern techniques and of producing up-to date information.

The city of Kigali is a rapidly- growing city as a result of changes in the socio-economic policies of the government. Kigali is a Cosmopolitan city with varied population as well as problems. There is therefore a need for long term planning of the socio-economic requirements of the city, this in turn require information and strategy at local authority level to facilitate an efficient administrative procedure, policy planning and implementation in all spheres of the development process. The Government of Rwanda has made a commitment to decentralise critical areas of resource management to the city of Kigali. This has been done to enable the city of Kigali lift its population above the poverty line by maximising its economic potential such as increasing job opportunities and income, and by identifying ways of enhancing and sustaining the revenue capacity required to meet its social service needs.

An assessment of the problems and potential of the City of Kigali, must inform this process. This research project is an endeavour in this direction.

Objectives of the study

The main objectives of this research project are to:

- a) Assess the economic sectors for opportunities/constraints to growth ;
- b) Assess government influenced factors affecting economic growth ;
- c) Assess the inventory of natural resources for environmental planning and the current state of the CoK's water services, power, health, education, housing, etc ;
- d) Review existing sources of the CoK's revenue with regard to rates and mechanisms of revenue collection ;
- e) Identify approaches required by the CoK to expand the economy and enhance revenue capacity ;
- f) Formulate an overall strategy for balanced socio-economic development of the City.

Scope and methodology

Scope: The City of Kigali is divided into Districts, Sectors and Cells. For the purpose of achieving the above-mentioned objectives, all the districts and sectors falling under the jurisdiction of the City of Kigali have been covered by the study.

Data Base: The study is based on two major sources of information. One source was the primary information collected through surveys, focused interviews with the

representatives of the people at District level, officials at the CoK, representatives of the industrial and commercial sector, tax-payers and end-users. Because of time constraints and limited availability of executive officers and councillors, it was not always possible to interview exactly the same office holders and council representatives in all eight districts. In most cases, however, the researchers contacted the Mayor, or Council Chairperson, Executive Secretary of the Finance and General Purpose Committee. Others were directors of the departments of Finance and Economic Planning, Urban and Physical Planning, the statistical section of the Ministry of Finance and Economic Planning, officials of the Ministry of Local Government, Public Health and Public Works.

A total of 44 extensive interviews with a total of 85 office holders was conducted; some interviews (at Nyarugenge and Kacyiru, the CoK head office) were group interviews. The information collected through the interviews was supplemented by official statistics and existing reports of the government of Rwanda.

The primary data was collected from the districts and sectors through surveys and interviews. Visits to households, industrial sites, tourist places, construction sites, government offices etc were undertaken and meetings were arranged to contact the people in the sectors to discuss and explore different economic opportunities and constraints.

The study made extensive use of expertise from South Africa by inviting experts from Cape Technikon in the areas of Tourism, Hospitality, Childhood care and an Expert in Economic Affairs from Kampala.

Secondary data was collected from the documents, booklets, brochures and reports from different Ministries, ELECTROGAZ Company, CoK, BNR, Financial institutions, NGOs, and other administrative offices. Beside the above information, data was also obtained from the neighbouring countries (Uganda, Tanzania, Kenya, Botswana and South Africa) for assessing the competitiveness of the policies in Kigali.

Tools: Semi-structured questionnaires with a checklist of guiding questions were used to supplement the interviews wherever required. Also interviews and meetings were organised and questionnaires administered to officials in the Districts and the CoK staff belonging to various sectors, such as agricultural sectors, transport, energy, education, health and others.

Sample size: The study is based on both primary and secondary information. The primary information was collected from a representative sample of households, industry groups, tourists, employees, taxpayers and commercial establishments. The details regarding numbers and selection of samples are discussed at the beginning of each of the four parts of the study.

Limitations

The Study is subject to many limitations including:

1. As the process of decentralisation started only on 1st June 2001, district- wise data is not yet available.
2. There is a general lack of maintenance of proper records. As such, most of the information obtained is from irregular records, and sometime based on verbal information shared by the heads of the departments. But effort has been made to corroborate most of the data through other sources to ensure its correctness.
3. There was a problem of overlapping of the functions performed in many of the ministerial offices and that created confusion in availability and reliability of information. However, special arrangements were to be made to contact relevant officers after the expiring of the data collection period, which had financial implication and also delayed data processing.
4. In large number of departments of the CoK, the officials did not have role clarity and as such they were not in a position to give adequate information.
5. The rules relating to publication of accounts are not yet in place. Due to this, the majority of the organisations do not have published accounts which could be used as the basis of analysis. As such, the information obtained from some organisations was raw and irregular.
6. In the absence of any official communication from the CoK, some residents and businesses were hesitant to give information.
7. During most visits to the offices, the senior officers were found busy in some other activities such as seminars. In such cases, the researchers often had to contact junior officers.

Study profile

The study was undertaken in four different parts; namely:

1. Performance evaluation of existing economy and assessment of economic growth opportunities. The part included surveys relating to:
 - Tourism and hospitality ;
 - Industries ;
 - Agriculture ;
 - Commercial services ;
 - Construction ;
 - Information technology services;
 - Government and institutional activities.
2. Evaluation of Informal work sector

Women's capacity to participate in the local economy ;
Small business issues and poverty reduction.

3. Assessment of government influenced factors affecting economic growth.
This part relates to an intensive survey on:

- Land ;
- Infrastructure ;
- Energy and water supply ;
- Labour;
- Capital, and ;
- Business environment.

4. An analysis of the current city of Kigali revenue capacity including an assessment of opportunities and constraints for increasing revenue.

CITY OF KIGALI: PROFILE

The historical evolution of the City of Kigali

When the Berlin conference for the partition of Africa took place (1884-1885), Rwanda and Burundi fell into the hands of Germany. This territory was then known as Rwanda-Urundi and had its administrative headquarters in Bujumbura, the present capital of Burundi.

In 1906 Germany appointed Dr. Richard Kandt as the first imperial resident governor for Rwanda. He chose Nyarugenge hill as the site of the capital because of its central location in the country. His residence, which also served as offices, was situated near the present Gakinjoro market. The whole of Rwanda was administered from here.

In 1907, administration of Rwanda, which had still depended on Bujumbura, was declared independent, and the following year in 1908, the administrative centre for Rwanda was called Kigali.

By the year 1909, only 20 shops had been built on the present site of Nyarugenge market and were mainly owned by Indian traders. A military camp was also put up at the site where the Kigali central prison is found today.

Kigali eventually developed into an important commercial centre because of its central position. It became a transit centre for the commercial activities between Bukoba and Kigoma (in Tanganyika, now Tanzania) via

Bujumbura and also between Kisangani in DRC (former Belgian Congo) and Kampala (in Uganda). This development induced many Arab and Indian traders to move from Nyanza, where the King's palace was, to Kigali. After the second World War, the Belgians took over from Germany in the administration of Rwanda, but still maintained Kigali as the administrative centre for the whole country. The city has since continued to grow into a strong capital and an important commercial business centre, with modern infrastructure such as road links to the rest of the country, and Kanombe International Airport as a gateway to the rest of the world.

Geographical location

The city of Kigali, the capital of Rwanda, is situated almost in the centre of the country. Its geographical position is on latitude 1° 57'S and on longitude 30° 04' E.

Kigali is situated in the natural region called Bwanacyambwe within the proximity of the Nyabugogo river basin, between Mount Kigali (1852 m high) and Mount Jali.

The city is built on interlocking hills, which progressively converge and are separated from each other by large valleys giving them oval shapes. Originally the city occupied the hills of Nyarugenge and Nyamirambo which covered an area of about 200 hectares at the time of independence.

The city stretches from the centre to include the following: Towards the east, the hills of Kacyiru, Kimihurura, Nyarutarama, Remera and Kanombe. Towards the south over the slopes of Mount Rebero, Gikondo, and Kicukiro. Towards the west over the slopes of Mount Kigali, on slopes of Kabusunzu hills and Kimisagara. Towards the north over the slopes of Mount Jali and hills of Gisozi, and Gaculiro.

Administrative divisions

The actual urban provincial boundaries of Kigali as defined by the decree No. 896/90 of 1990 was composed of three communes (districts) namely: Nyarugenge, Kicukiro, and Kacyiru. These communes comprised of a total of 20 Sectors and 91 Cells. Today the city of Kigali is made up of 8 Districts (communes), namely: Nyarugenge, Kacyiru, Nyamirambo, Kicukiro, Gikondo, Kanombe, Gisozi and Butamwa.

Population

The population of the city of Kigali has been growing over the last four decades, but a new growth trend developed after the 1994 war and genocide, when there was a dramatic rise in the population caused by the return of Rwandans from various parts of the World. Most of the returning Rwandans tended to go to the capital where there was considerable

security. The population growth of the city of Kigali was estimated by different surveys carried out through out the country as follows:

Population growth trends in the city of Kigali (1960-2000)

Year	1960	1978	1991	1996	2000
Population	6,000	117,749	235,664	358,200	604,966

Population by age and gender (2000)

AGES	M%	F%	Total %	Effective Total	RM*
00 - 04	7.8	8	15.8	95546	98.2
05 - 09	5.8	5.9	11.6	70369	98.5
10 - 14	5.8	6.6	12.4	74956	97.7
15 - 19	6.7	9.5	16.2	97943	70.8
20 - 24	5.8	6.7	12.5	75373	86.8
25 - 29	4.1	4.9	9.0	54575	82.7
30 - 34	3.7	3.5	7.1	43160	104.9
35 - 39	2.8	2.0	4.8	29086	135.4
40.- 44	2.0	1.9	3.9	23664	107.3
45 - 49	1.5	1.0	2.5	15221	149.6
50 - 54	0.8	0.7	1.5	9070	117.5
55 - 59	0.5	0.4	0.9	5421	108.0
60 - 64	0.2	0.3	0.5	2971	78.1
65 - 69	0.2	0.2	0.4	2711	85.7
70 - 74	0.1	0.2	0.3	1928	42.3
75 AND +	0.2	0.2	0.4	2450	67.8
N.D	0.1	0.0	0.1	522	149.8
TOTAL	47.9	52.1	100	604,966	

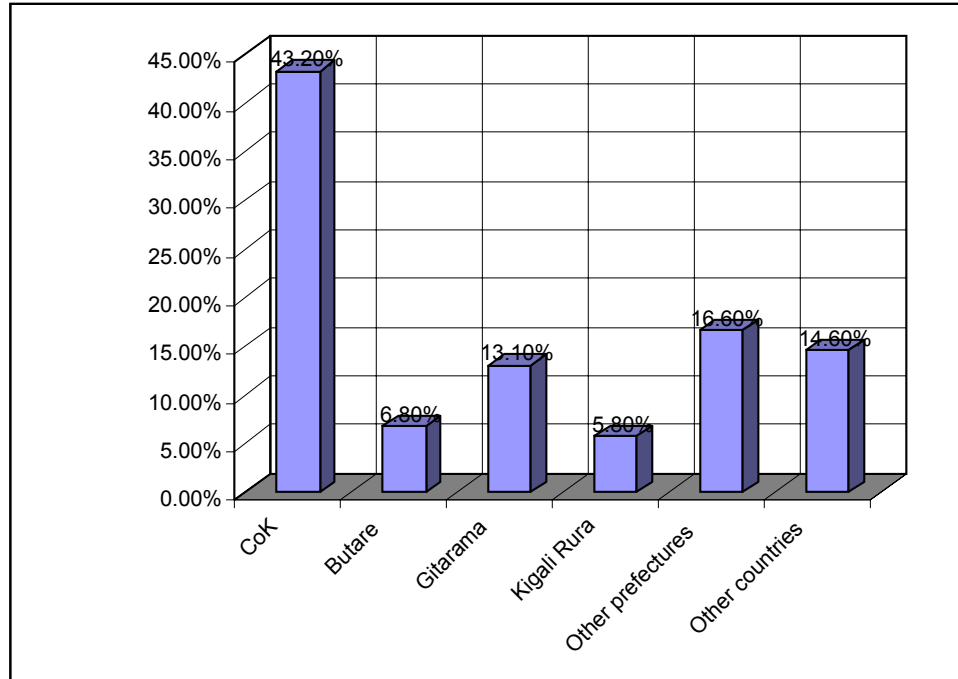
Source: (PNUD: Schema Directeur de la PVK Horizon 2020)

RM* = Number of men per 100 woman

Percentage population growth rate for Rwanda: 2.9% per year

The results in the table reflect that women outnumber men in the CoK. Women constitute 52.2% of the population resident in the city compared to 47.9 of men. The actual city population annual growth is estimated to be 10%. The population growth in the city will continue at a high rate because of the rural to urban migration tendency. It is estimated in the city of Kigali Master Plan 2020 that only 43.2% of the city population were originally natives of the city, while 56.8% had migrated from other areas as shown by the figure below. The 56.8% migrants to the CoK were composed of 14.6% who were born in other countries, 13.1% from Gitarama prefecture, 6.8% from Butare, 5.8% Kigali rural and 16.6% from other prefectures.

Population of the CoK by origin –2000



Source: (PNUD: Schema Directeur de la PVK Horizon 2020)

Among the principal motivational for urban migration are formal employment, search for employment, studies (people in schools and institutions of learning), repatriation and security in the city, poor land productivity and lack of sufficient land in rural areas .

Family composition and size

The city of Kigali is estimated to have 131,106 households and a total population of 604,966 inhabitants. The average size of household is therefore 5 persons. It is estimated that 51% of heads of household are male while 44% are women and 5% are children.

Education Level

The socio-economic survey of August, 2000 shows that 10% of the city of Kigali's population aged 7 years and above has never had any formal education, 54% have primary education and 5% have post-secondary education. The level of education is extremely low and therefore the majority of urban dwellers lack the knowledge and skills to work productively in an urban environment. Most of the people lack capacity to utilise available and useful information to reduce the poverty that is permeating their lives.

After 1994, several primary and secondary schools were created, mainly initiated by parents. The existing schools/education infrastructure are classified in three categories: nursery, primary and secondary schools. The city of Kigali has 26 private nursery schools scattered in different areas. The City has 53 primary schools, 16 of which are government schools, 26 church schools and 11 private. Primary school pupils are estimated to number 50,636 and teachers 1,261, meaning one teacher for 40 pupils on average. The majority of the secondary schools are private, started by parents.

Employees in the city of Kigali by employer category

Employer	No. of employees	% age
Central administration	1,319	29.0
Local administration	35	0.8
Public establishments	263	5.8
Airports	12	0.3
Government projects	31	0.7
Mixed sector	57	1.3
Private sector	2,839	62.3
Total	4,556	100.0

Source : Caisse Sociale

Trend of formal employment in Rwanda

Year	Public sector	Mixed sector	Private sector	Total
1995	1,720	380	5,933	8,033
1996	4,263	704	7,886	12,853
1997	8,776	1,030	8,434	18,240
1998	8,518	455	10,626	19,599
1999	8,012	245	8,029	16,286
2000	15,391	100	6,297	21,788

Source : Caisse Sociale

Trend of total formal employment by sector in the city of Kigali

Sector	1996	1997	1998	1999	2000
Agriculture	28	51	93	13	19
Extractive industries	5	1	19	12	-
Manufacturing industries	327	502	320	495	382
Electricity, gas and water	45	82	71	57	144

Public transport	102	125	351	836	345
Commerce, restaurants & hotels	187	271	416	591	585
Transport and communication	102	84	56	131	67
Banks, insurance companies	139	183	67	171	125
Social services	1,128	1,442	2,463	3,359	2,889
Total employees	2,063	2,741	3,856	5,665	4,556

Source : Caisse Sociale

Land use by type

The total planned area is about 47.21%, covering only 1666 hectares and non-planned area is about 52.69%, which covers 1859,3 hectares.

The new urban area of the city of Kigali is around 349 km², consisting of original area of 112 km², which was defined by decree-law no 11/79 of 20/04/1979, and modified by the presidential order no. 896/90 of 27/11/1990 to include additional area of about 237 km².

The information on land use by the type which shows how much land is used for different activities such as agriculture, residential, small and medium business public, hostels, schools, universities, government, institutions, is as shown in the following table.

Table showing the area covered by land uses in the city of Kigali (in ha)

No	Land use	Area in hectares (ha)
1	Forest	7241.5
2	Cemeteries	135.4
3	landfill	24.6
4	Airport coverage/area	10290
5	Military zones	838.68
6	Religious centres	72.6
7	Health facilities	37.6
8	Education facilities	249.4
9	Green space	163.7
10	Swampy area	5506.2
11	Site aménage	13
12	National police zone	47
13	Telecommunications	98.5
14	Administrative area	307.5

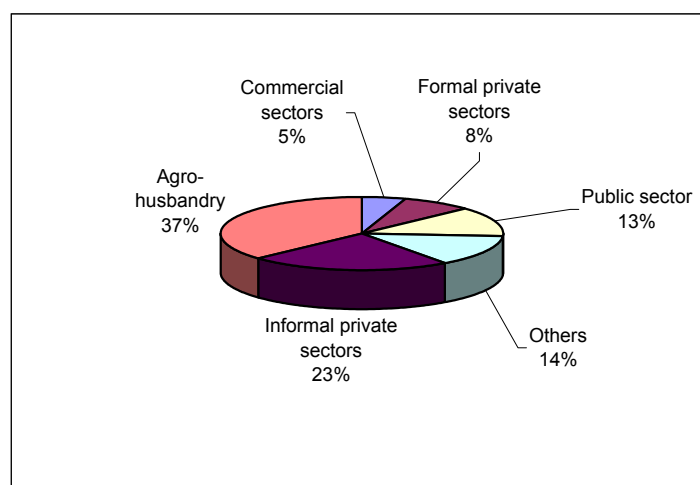
15	Commercial area	129.3
16	Industrial area	280.8
17	Residential area	4777.4
18	Sports centres	32.9
19	Area of Kigali City	348,64.5

Source: Department of Physical Planning - CoK

Employment by occupation

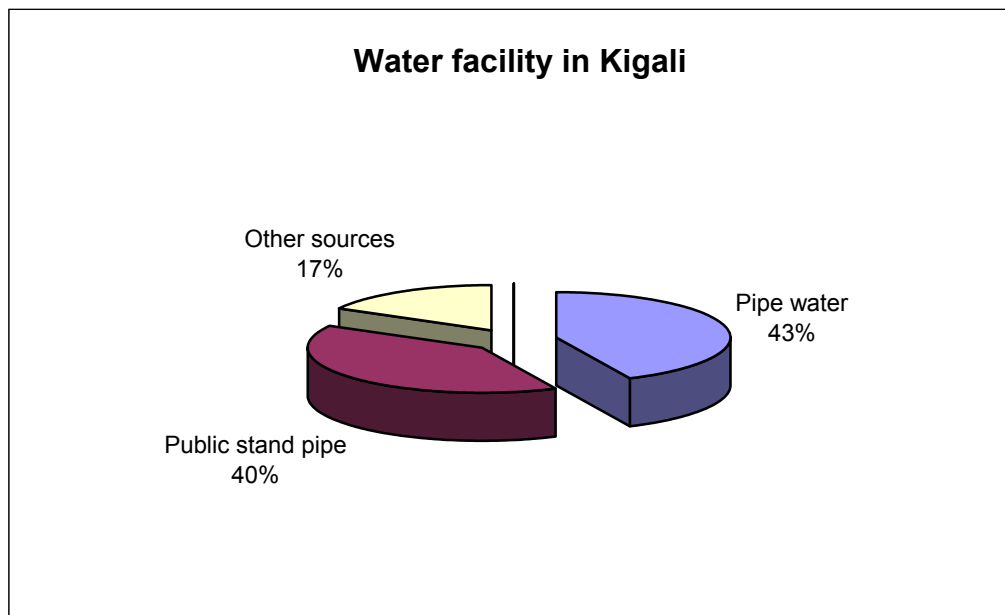
The economically active population of the CoK constitutes those who are 10 years old and above which is distributed as shown by the following figure.

Employment by occupation



Source: (PNUD: Schema Directeur de la PVK Horizon 2020)

Households with access to piped water



As shown in the pie chart above, out of 121,106 households in the city of Kigali, 43.5% of the households (52,682) have access to piped water, either found indoors or within the plot. 40% of the households (48,444) get their water from public stand pipes. The remaining 16.5% fetch water either from the ponds, wells, or lakes around their dwelling areas.

Households with access to power

60% people in the city of Kigali use electricity. The rest of the residents/ households use other sources of power like charcoal and firewood. These are mainly households with low-incomes.

Energy use in the city of Kigali

		% age of population depending on the source				
		Cooking			Lighting	
District	Households	Firewood	Charcoal	Electricity	Kerosene	Electricity
Gisozi	25,446	37	63		67	33
Kanombe	12,130	53	47		53	47
Gikondo	17,854	23	77		30	70
Nyamirambo	12,540	17	80	3	13	87
Butamwa	10,091	95	5		95	5
Nyarugenge	23,959	5	92	3	23	77
Kicukiro	10,196	46	54		48	52
Kacyiru	18,890	17	77	6	27	73
Total	131,106					

Consumption of electricity – Kigali station

Network	Length network distribution in km			No of registered consumers	Mean energy consumed in kWh/Client/day
	Over head lights	High altitude areas	Total	24505	
BT	287.2	891.4	1178.6	24399	4
MT	136	86	222	106	1970.7

School enrolment

Fifty-two private nursery schools have 6,854 children enrolled out of 105,423 children aged for nursery school enrolment. There are 53 primary schools with 52,155 pupils.

Thirty-seven secondary schools have a total of 16,903 students.

There are 53 primary and 37 secondary technical schools which are distributed per districts as shown in the table below.

Technical schools and their status

Commune Type of school		Status			Total
		Public or government schools	Private but subsidized by Government schools	Private schools	
Nyarugenge	Primary	6	12	4	22
	Secondary	2	2	11	15
Kacyiru	Primary	6	7	6	19
	Secondary	0	0	11	11
Kicukiro	Primary	4	7	1	12
	Secondary	0	0	11	11

Number of hospital beds available

The usual capacity of beds in CHK is 511 only with one bed being occupied by 1,184 persons per year. The rate of beds occupancy in CHK is 93 % for general services but it is 100% in services like gynecology-obstetrics, paediatric and internal medicine.

King Faycal Hospital, on the other hand, has a capacity of 261 beds but a low occupancy rate of 50%.

In addition to the two above hospitals, there are dispensaries located in districts with a total number of 181 beds. Their distribution and their capacities are shown in the table below.

Number of patient beds per health centre

Health District	Dispensary	Capacity to receive patients (no. of beds)
REMERA	Kicukiro	20
	Remera	Under construction
	Kagugu	6
	Gahanga	15
	Masaka	20
	Rubungo	20
	Kinyinya	30
MUHIMA	Kabuzunzu	32
	Kacyiru	19
	Gikondo	don't hospitalise patients
	Gitega	12
	Biryogo	don't hospitalise patients
	Butamwa	7
Total	13	181

Given the above number of beds and the population of the city of Kigali, we get the ratio of 0.6 beds per 1000 population.

Paved road length per area

The total length of roads of the city of Kigali is around 732 km of which 102 km are paved. In general, sewerage and drainage systems in the city of Kigali are very poor and almost do not exist.

Solid waste collection

Number and geographical distribution of the biggest producers of solid waste

Commune	Restaurants	Markets	Hostels	Industries
NYARUGENGE	246	6	12	12
KACYIRU	62	2	6	2
KICUKIRO	86	2	0	33
Total	394	10	18	47

Solid waste collected in Kigali City

There is no data available on solid waste characteristics for each district. However it has been estimated that the city population produces about 450 tonnes of garbage per day, whose density is 0.4 tonne/m³.

The composition of this waste is as follows: organic materials 70%, textiles 10%, veers 5%, plastic materials 5%, paper materials and other constituents 10%. It has also been estimated that a person can produce about 0.6 kg of waste per day. However, only 60% of the garbage is collected. Solid waste is collected 2 days per week from homesteads in all parts of the CoK. Rain water and other natural means are used to remove solid waste on other days.

Number of car accidents per 1000 population

In 1999, in the city of Kigali there were an average of more than 150 car accidents per month, caused by the concentration of principal administrative activities and commercial activities within the city, as well as pedestrians and motorcyclists. This works out to be 3 accidents for 1000 population.

Number of crimes per 1000 population

For the year 2000, it was recorded that the number of crimes was 85 per 1000 population.

Fire services

In the city of Kigali, fire services are provided by a full fledged fire department at Kanombe Airport supported by military fire units. Statistics for the year 2000 reveal that in the city of Kigali there was one fire accident per 1000 population. However, with the existing and increasing problems of traffic congestion, it is impossible for the fire equipment from Kanombe Airport to attend to emergencies in a certain area of the city in less than 15–20 minutes. There is a need therefore to construct a fully-fledged fire station in the city centre.

Cultural facilities

Kigali City has 3 cultural centers:

- (i) The Franco-Rwandese cultural centre;
- (ii) The American Cultural Centre;
- (iii) Islamic Cultural Centre;
- (iv) Other recreational halls include; Caisse Social du Rwanda, secondary schools' recreational halls,

National Assembly, plus IWACU Centre Kabusunzu and Kicukiro training Centre etc. where marriages and other ceremonies are organised.

Number of museum facilities

There is one national museum in Rwanda, based in Butare.

Number of doctors per 1000 population

There are 27 doctors in the whole of the CoK, which gives a ratio of doctors to population of 1:22,400 or 0.05 doctor to 1000 population.

City product

The city of Kigali's annual revenue per capital is US\$6. 1. Revenue from land and property administration contributes about 70% of the CoK revenue.

Population in higher education

The total number of students in all 7 higher education institutions was 3214 in the year 2000.

Institutes of Higher Education

Communes	Universities/ institutes	Location	No. of students	No. of lecturers	No. of students/ Lecturer	Status
NYARUGENGE	KIST KHI	Nyarugenge	1700 282	140 96	12 3	Public Public
KACYIRU	ISP ULK UAAC	Remera Kacyiru Remera	294 1406 216	39 49 34	7 28 6	Public Private Private
KICUKIRO	ISFP UNILAK	Mburabutoro Kicukiro	106 360	33 37	3 10	Public Private
TOTAL	7		3214	358		

Airport Service

There is one Airport at Kanombe

	1994	1995	1996	1997	1998	1999
No. of flights	534	10,986	6,565	7,760	9,913	11,557
Total Passengers	20,173	83,834	80,736	120,356	123,597	131,689
Luggage (kg)	1,811,582.2	7,956,556	4,861,508	4,350,118	4,706,723	2,092,984

Posts (kg)						
Arrival	23,560.50	34,115	4572	5158	99,682	103,277
Departure	2,244,40	6314	800	10081	13,236	1288837

Port services

Rwanda is a land-locked country and transports its products through Mombasa in Kenya and Dar-es-salaam in Tanzania.

Traffic statistics in the transit port of Mombasa for the year 1999

Country	Imports in tonnes	Exports in tonnes	Total Tones
RWANDA	94395	17866	112261

Appointed or elected mayor / council

The current Mayor has been directly elected under the new CoK law to head the Province-City of Kigali for five years (2001-2006).

CoK income and expenditure 1998-200

Year	Income in Rwf		%	Expenditure in Rwf		%
	Budgeted	Actual		Budgeted	Actual	
1998						
Ordinary	1462	1222	84	1034	849	82
Extraordinary	882	768	87	1310	768	59
Total	2344	1990	85	2344	1617	69
1999						
Ordinary	1287	1536	119	1334	1125	80
Extraordinary	1338	270	20	1291	692	54
Total	2625	1806	69	2625	1817	68
2000						
Ordinary	1617	1973	122	1398	1653	118
Extraordinary	2610	84	3	3331	705	21
Total	4227	2057	49	4729	2358	50

Sources of revenue for the CoK in Rwfs

Source of Local Tax	Existing Revenue	Additional revenue Expected	Total Revenue Projected
Physical Planning	1,331	1,369	2,700
Others	339	69	407
Finance & Economic Planning	386	354	740
Entry tax	Nil	720	720
Street parking	Nil	200	200
Professional tax	Nil	108	108
Fuel surcharge	Nil	266	266
Property tax	Nil	2, 000	2,000
Driving licence charge	Nil	50	50
VAT contribution from RRA	Nil	950.	950
Total	2,057	5,713	8,208

The tax revenue of between 2 and 3 billion is expected to be collected by the CoK at the end of year 2001.

Local tax revenue per person is 400 FRW per head annually for every citizen above age of 18 years, revenue from fees and charges is 66,712,000 FRW. The expenditure on fuel and lubricants consumes over 10% of revenues. There was 30% of total annual expenditure for investment for the year 2000.

SECTION 1: TOURISM AND HOSPITALITY

1.1 Rwandan tourism – an overview

Rwanda is a land of great diversity and beauty. Rwanda has been described as the land of a thousand hills, a reference to the thrilling beauty of its rolling mountainous landscapes and rich bio-diversity. Rwanda is a nature-lover's paradise.

Rwanda lies on the eastern edge of the Albertine Rift, a western arm of the Great Rift Valley, and the watershed between Africa's two largest river systems: the Congo and the Nile. Much of the country's 26,340km² is dramatically mountainous, part of it being the volcanic Virunga chain in the northwest. Rwanda has a population of over 8.1 million (1999 estimates, Ministry of Commerce statistics) and is the most densely populated country in Sub-Saharan Africa with 259 (1997) people per square kilometre as compared to 25 in the rest of Sub-Saharan Africa.¹

A combination of tropical location and high altitude ensures that most of Rwanda has a tropical climate averaging between 24.6 and 27.6 degrees Celsius². The exceptions are the chilly upper slopes of the Virunga Mountains, and the hot low-lying Tanzanian border area in the Akagera National Park. Throughout the rest of the country, seasonal variation in temperature is relatively insignificant. Rwanda has a moist climate, with most parts of the country receiving in excess of 1000 mm of precipitation annually (most parts of the country typically receive around 150 to 200mm per month). There are two dry seasons: January to February and June to September; and two wet seasons: October to December and March to May.

Rwanda's natural resource base is composed of land, minerals, forests, wildlife and water.

Around the 15th century, Rwanda was under a feudal monarchy, which shared similar roots and customs with the Buganda and Bunyoro empires of the neighbouring Uganda. In the late 19th century, Rwanda was colonized by Germany, and together with neighbouring Burundi it was mandated to Belgium following the defeat of Germany in the first World War. Rwanda achieved her independence in 1962. In the recent three decades, Rwanda has experienced a series of civil wars, political strife, and ethnic clashes which resulted into the 1994 genocide.

Rwanda's tourism is essentially eco-tourism based on natural resources, and generally in rural areas with very minimal urban tourism. Before the 1990-1994 war, *"tourism as an economic activity was growing at a geometric progression"* (Director of Tourism, Ministry of Commerce, Industry and Tourism). This situation was tremendously changed as a result of the war due to: negative media that created an image that discouraged potential tourists; reduction in size of Akagera National Park due to resettlement of the Rwandese returnees; and the resulting migration of wildlife to neighbouring Tanzania and Uganda.

¹ World Bank, "World Development Report, 1998/99" p.191

² <http://www.rwanda1.com/government>

However following the government-controlled resettlement, there has been a marked increase in the number of tourists visiting the national parks.

The government of Rwanda views tourism as one of the potential pillars of development. It is a potential sector for possible diversification of the economy that currently relies on agricultural products (tea and coffee) for exports. There is an untapped tourism resource in abundance in the country such as inland water (lakes, rivers and swamps), beautiful and diversified topographic features, and rich culture. In most economies of the world, tourism is viewed as the backbone of future economies.

Although outside perceptions are understandably dominated by events surrounding the genocide, Rwanda has in fact enjoyed a high level of political stability since 1995. During this period most of the exiles have returned, resettlement has been completed, the process of reconciliation has been initiated, reconstruction and rehabilitation of the economy instituted and the country as a whole has been peaceful and progressing.

Rwanda has been marketed overseas extensively as the land of *Gorillas in the Mist*, the rare mountain gorillas whose range is restricted to the slopes of the Virunga Volcanoes. Rwanda became Africa's premier gorilla-tracking destination. Tracking the mountain gorilla through the slopes of the Virungas remains without question the most thrilling and moving wildlife experience on the African continent.

It is therefore not surprising that in the past, emphasis has been put on the development of environmental scenery and wildlife. Little has been done to improve/develop other tourism attractions such as amusement parks, historical sites, cultural centres and the tourism support services. These areas are made easily accessible by the excellent internal road network connecting all major tourist points in the country.

1.2 Tourism in Kigali

The city of Kigali, the capital of Rwanda, is both a modern business centre and a garden city, located within the slopes of the "Thousand Hills"³. The main port of entry to and departure from Rwanda and the gateway to the rest of the world, is Kanombe International Airport situated in the city of Kigali. Kigali is also connected to the neighboring Uganda, Congo, Tanzania and Burundi by good-surface tarmac roads. It is centrally placed and all roads to other provinces as well as those from all border posts converge in the city of Kigali.

The city of Kigali has a total of eight Districts, namely Kacyiru, Nyamirambo, Nyarugenge, Kanombe, Butamwa, Gisozi, Gikondo and Kicukiro. Most of the accommodation facilities and other services or facilities are available in Nyarugenge, Kacyiru and Nyamirambo, the old part of the city of Kigali.

³ In colonial times, Rwanda was dubbed the Land of a Thousand Hills, a reference to the thrilling beauty of its rolling mountainous landscapes, Travel writer **James Bowyer**, in *Footprint* magazine, June 2000

The city of Kigali is where one finds most of the hotels, guesthouses, restaurants, banks, travel agents, communication facilities, etc, of Rwanda.

There is remarkably little history of tourists destined to the city of Kigali although Kigali is the gateway to most of the tourist destinations in the country. Factors that may have contributed to the low development of tourism in the city of Kigali, according to the department of Tourism sources, include the following:

- i. Poor or lack of basic infrastructure such as water, sewage, and electricity;
- ii. Limited number of public telephone booths, postal services, and excessive hotel telephone charges, etc;
- iii. Poor accommodation facilities and services, high accommodation rates, lack of regulation to monitor quality standards of accommodation facilities;
- iv. Inadequate tour and travel services; exorbitant fares, bad conditions, etc;
- v. Inadequate tourism information services at all levels of the tourism and hospitality sector;
- vi. Inadequate financial services;
- vii. Insufficient entertainment and leisure services lack of theatres, leisure parks, botanical gardens, sports, eating places and bars, etc.

The above factors relate not only to the city of Kigali but also to the rest of the country.

Tourism is the number three foreign exchange earner for Rwanda. It brings an estimated US\$ 300,000 annually according to the department of Tourism sources, MINICOM. Although tourism, like other sectors in this country, experienced a setback during the war of 1994, it has emerged out of this coma since 1998/1999. It has been noted that about 27% of tourists come for eco-tourism while the remaining 73% come for other reasons. Most of these pass through the city of Kigali. It is hard to divorce Kigali city tourism and national tourism development as most of the tourism infrastructure is based in the City of Kigali. The city of Kigali, together with the Rwandan National Office for Tourism and National Parks (ORTPN) are making attempts to revive tourism, and hence the need for this survey. Tourism is highly sensitive to such factors as security, hospitality and communication. Tourism in the city of Kigali employs a great number of people and this adds to its vital importance to the city of Kigali.

1.3 Scope of the survey

The survey on Tourism and Hospitality in the CoK focused on four major areas. These are:

1. The visitors to the city of Kigali. The aim was to determine the profile of the visitors to the city of Kigali, including their identity, interests, spending patterns and their general views.
2. The existing attractions within the CoK (natural, artificial, historical, ethnic/cultural and special events/gatherings). The objective was to evaluate and make an inventory of tourist attractions and services.
3. The profile of the employees in the Tourism and Hospitality sector (accommodation, tours and travel and the tourists' attraction sites/services) within the CoK. The aim was to determine the number of employees in the sector, range of job skills, wages/benefits and job mobility.
4. The potential for the growth of the Tourism and Hospitality sector in the CoK. The aim here was to make an analysis of the potential for growth in the sector through the determination of the market segment that the city of Kigali serves, new/improved attractions, support services/facilities required to boost the city of Kigali's tourism. Part of this is to make an estimate of improved attractions, support services/facilities and identify the potential targets and competing markets and assess the advantages and disadvantages in cost/drawing power of the city of Kigali.

1.4 Methodology of data collection

1.4.1 Introduction

The main objective of the survey on Tourism and Hospitality in the city of Kigali is to produce a database of the state of tourism in the city of Kigali and the potential to improve the Tourism and Hospitality industry in the city of Kigali.

1.4.2 Methodology

A questionnaire was used as the major instrument of research. The questionnaire was divided into three sections, with section A targeting the visitors, and sections B and C targeting the Hotel/ Guesthouse Management.

A minimum of 155 questionnaires was administered to the visitors throughout the entire survey, and at least 21 questionnaires were administered on Hotel / Guesthouse Management. In addition to this, a series of interviews and discussions were conducted.

Table A.1: Sample size compared to the population

Respondent	Population	Sample
1. Visitors	516(Bed capacity)	155
2. Hotels (Including Guest houses)	29	21
3. Department of Tourism	1	1
4. ORTPN	1	1
5. UHTR	1	1
6. Coordinator of the CoK Master Plan 2001	1	1
7 Association des Agences de Voyages	1	1
8. Tours and Travel Agencies	17	7
9. Department of Immigration and Emigration (MININTER)	1	1
10. Kanombe International Airport	1	1
11. Airline operators	9	3

Basic statistical data were collected from the records of the following:

- i. Department of Immigration and Emigration – MININTER;
- ii. Kanombe International Airport;
- iii. Rwandan National Office for Tourism and National Parks (ORTPN);
- iv. Rwandan Association of Hotels, Tours and Restaurants (UHTR);
- v. Travel &Tours agencies;
- vi. Department of Tourism – MINICOM;
- vii. Airline operators ;
- viii. Association of travel agents ;
- ix. Hotel and Guesthouse administration.

A team of 8 people carried out the survey. These included 5 research assistants, 1 research associate, the group leader, and 1 consultant.

Each team member was allocated specific respondents and was expected to administer a specific number of questionnaires and /or interview a specific number of respondents within the given time frame.

1.5 FINDINGS

1.5.1 Age of visitors

A sample of 155 visitors was selected. Table A2 shows the age range of the visitors who were interviewed.

Table A.2: Visitors' ages

Age range	Under 20	21 – 30	31 – 40	41 – 50	50 and above	Age not specified	Total
Number of visitors	3	37	58	38	15	4	155
Percentage of total visitors	1.9	23.9	37.4	24.5	9.7	2.6	100.0

The majority of the visitors to the city of Kigali (37.4 %) lie between the age of 31 to 40 years, followed by those between 41 and 50 years (24.5 %) and 21 to 30 (23.9 %). This shows that 85 % of the visitors are between 20 and 50 years of age . The remaining (less than 15 %) were under 20 and over 50 plus those who did not reveal their age.

This indicates that the age group 21-50 is the one that frequents the CoK and as such appropriate strategies should be taken to provide even better services to this group.

1.5.2 Origin and gender of visitors

According to the survey, the majority of the visitors to the CoK come from different countries in Africa. Table A3 shows that out of the 155 visitors interviewed, a total of 109 visitors (over 70 %) had come from Uganda, Burundi, Kenya, Democratic Republic of Congo (DRC), Senegal, Madagascar, Togo, Cote d'I voir, Nigeria, Eritrea and Malawi. Some came from the various provinces within Rwanda itself.

As indicated in table A3, Africa provides the largest proportion of visitors (70.3 %), followed by Europe (17.3 %), North and South America (11.0 %), and Asia and Australia each with a proportion of 0.7 % of the total visitors to the CoK.

Table A.3: Visitor's origin and gender

Origin of visitor	Male visitors	Female visitors	Sex not specified	Total number of visitors	Percentage of total visitors
Africa	91	13	5	109	70,3
Europe	17	7	3	27	17,3
America	8	8	1	17	11,0

Asia	1	-	-	1	0,7
Australia	-	1	-	1	0,7
Other					
Total	117	29	9	155	100
Percentage of visitors	75.5	18.7	5.8	100.0	

From the study, it was also noted that out of the 155 visitors interviewed, 75.5 % were male visitors and 18.7% female.

1.5.3 Visitor's destinations

The CoK is the gateway for the majority of people who come to Rwanda and those in transit to other destinations. The survey of visitor destinations was intended to establish the proportion of visitors whose final destination is the city of Kigali and those who are destined to other parts of the country as well as to other countries.

Table A.4: Visitors' destinations

Destination	Rwanda		East Africa	DRC	Other	Total
	Kigali	Other				
Number of visitors	92	22	24	10	7	155
Percentage of total visitors	59.4	14.2	15.5	6.5	4.4	100.0

The study revealed that out of the total number of 155 visitors interviewed, 59.4 % were destined for the City of Kigali, while 14.2 % had as their destinations other parts of Rwanda, including Gisenyi, Ruhengeri, Cyangugu, Kibuye, and Butare. These were people mainly interested in seeing the mountain gorillas in the west and north west of Rwanda.

Apart from Rwanda, other destinations were identified as East Africa (15.5 %), the DRC (6.5 %) and other destinations identified as Burundi, Cote d'Ivoire, Dubai and the USA.

1.5.4 Purpose of visits

The survey established a number of purposes for the visits as shown in Table A5 below.

Table A.5: Purpose of visit

Purpose	Business	Vacation	Eco-tourism	Other	Total
Number of visitors	90	27	6	32	155
Percentage of total visitors	58.1	17.4	3.9	20.6	100.0

Out of 155 visitors interviewed, 90 of them had come for Business, 27 for Vacation, 6 for Eco-tourism and 32 for other reasons which include religious conferences and seminars, research, journalism and transit. The fast growth of the CoK and business and trade with neighbouring countries that has been on an upward trend may explain the high percentage (58.1) of business travellers.

1.5.5 Source of information about Rwanda for visitors

From the survey, a number of sources of information about Rwanda were identified. The major one was personal contacts. Out of the 4 sources listed to have been used, personal contacts with 72.3 % was the first, followed by newspapers with 38.7%, the television with 23.8% and the internet with 20.6 %.

Table A.6: Source of information about Rwanda (Kigali)

Source	Newspaper	Television	Internet	Personal contacts	Other
Number of visitors	60	37	32	112	7
Percentage of total visitors	38.7	23.8	20.6	72.3	4.5

1.5.6 Frequency of visits to Kigali

Of the 155 visitors interviewed, 39.4 % were first-time visitors to Rwanda while 60.6 % had been to Kigali at least once before. The information in Table A7 shows a relatively steady increase in the frequency with which the visitors were coming to Kigali from 1992 to 2001.

Table A.7: Frequency of visits to Kigali

First-time visitors	Non-first time visitors										
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
61	12	1	1	4	15	13	18	24	29	39	15

The table shows a steady increase in visitors making a comeback to the CoK from 1994 to date.

1.5.7 Duration of stay in the city of Kigali

The objective was to establish the average period of time that visitors spend in the city of Kigali. The majority of the visitors surveyed were intending to stay in the city of Kigali for 1 to 7 days, while the fewest visitors were intending to stay for 15 to 21 days as indicated in Table A8. Most probably it is those visitors who come for business purposes and those on transit who stay less than week. Ways should be found to encourage this great number to stay much longer than a week in order to increase revenue for the CoK.

Table A.8: Duration of stay in Kigali

Period	1–7 days	8–14 days	15-21 days	Up to 1 month	Longer than 1 month	Total
Number of visitors	83	37	8	13	14	155
Percentage of total visitors	53.6	23.8	5.2	8.4	9.0	100

1.6 Visitors' Transport to and within Kigali

Of the visitors who were interviewed 51.6 % arrived in Kigali by road. Rwanda has six principal border posts: Rusumo on Tanzania side, Kagitumba, Gatuna and Cyanika on Uganda side, Rusizi and La Corniche on the Democratic Republic of Congo side and Akanyaru and Nemba on Burundi side.

As shown in Table A9, 48.4 % of the visitors interviewed arrived in Kigali by air. Rwanda has one International Airport (Kanombe International Airport) situated in city of Kigali and a number air strips located in various parts of the country (Gisenyi, Cyangugu and Gabiro in Umutara province).

Table A.9: Type of transport used to Kigali

Means	Air	Road	Total
Number of visitors	75	80	155
Percentage of total visitors	48.4	51.6	100

Tables A10 and A11 give the data on visitor arrivals via border posts (1999), and Kanombe International Airport (January to July 2001) respectively.

Table A.10: Visitor arrivals by road via five of the principal border posts, 1999

Arrivals	Border Posts				
Annual Average	Rusumo	Kagitumba	Gatuna	Rusizi	Akanyaru
Total	89, 664	48, 449	51, 228	71, 650	24, 516

Source: MININTER – Service Coordination SIEF et SIEP, 1999

Information was not available from three border posts: Cyanika (Uganda), Nemba (Burundi), and La Corniche (Congo).

These eight border posts are gateways for visitors from neighbouring countries.

Table A.11: Visitor arrivals by air (Kanombe International Airport), 2001

Month	Jan	Feb	Mar	Apr	May	June	July	Total
Number of visitors	4, 071	3, 638	3, 981	3, 960	4, 138	4, 236	5, 335	29, 359

Source: Alliance Express January - July 2001

There was an upward trend of visitors to Rwanda through the Kanombe International Airport from February to July 2001.

While in Kigali, visitors use a range of means of transport as shown in Table A12. The common means used were Public mini-buses, Taxis, Taxi-bikes and car hires.

Other means such as personal contacts' cars or organisation/official cars were used, while some other people preferred walking especially for short distances.

The majority (55.5 %) of the visitors interviewed had used public mini-buses, 29.0 % had used taxis, 14.2 % had used car hire services, 9.7 % taxi-bikes and 7.1 % had used other means. Public mini-buses are preferred mostly because they are relatively cheaper than the special taxis and car hire services. Taxi-bikes are less comfortable

and most risky to travel by, hence the lowest percentage of visitors are willing to use them.

Table A.12: Type of transport used while in Kigali

Means	No of visitors	%
Public Minibuses	86	55.5
Taxis	45	29.0
Taxi-bike	15	9.7
Car hire	22	14.2
Other	11	7.1

The two most common complaints about transport as indicated in Table A13 were high costs and discomfort. Other complaints were dangerous motoring conditions, unreliability – concerning time, speedy and careless driving, bad road conditions including potholes and lack of road markings on most roads, communication problems between the drivers and passengers since in most cases the operators are not able to speak either English or French, and dangers arising from some minibuses having the passenger doors positioned on the side of the passing traffic. Other complaints were about vehicles carrying excess passengers, the absence of standardized passenger fares especially for taxis and car-hire, and closing the taxi parks as early as 10.00 p.m. when people still need to move within the City.

Table A.13: Visitors' views about transport

	Unreliable	Expensive	Uncomfortable	Slow	Dangerous condition	Other	Non response	Total
Number of visitors	10	39	32	19	20	17	18	155
Percentage of total visitors	6.5	25.2	20.6	12.3	12.9	11.0	11.6	100

The majority (67.1 %) of the visitors spent less than US\$ 30 per week on transport within Kigali, 16.8 % of the visitors spent between US\$ 30 and US\$ 40, 3.2 % spent between US\$ 41 and US\$ 50 and only 5.2 % spent more than US\$ 50 on transport per week within Kigali (7.7 % gave no response).

Table A.14: Expenditure on transport per week

Amount spent (Range US\$)	Less than \$30	\$30-\$40	\$41-\$50	More than \$50	No response	Total
Number of visitors	104	26	5	8	12	155
Percentage of total visitors	67.1	16.8	3.2	5.2	7.7	100

Recommendations

A number of suggestions from the visitors regarding improving transport within the CoK are given below:

- i. Increase the number of bus/taxi stopping points along the major routes from the City centre so as to reduce the inconvenience currently caused to the passengers who have to walk several meters to and from the bus/taxi stopping point.
- ii. Increase the number of buses/minibuses and taxis.
- iii. Apply government standards to ensure the good condition of public transport vehicles.
- iv. Repair roads especially within the City centre.
- v. Repair/replace road signs, road traffic lights, street lighting and street names and numbers and ensure that traffic police authorities are more vigilant on proper road use, including speeding and carrying excess passengers.
- vi. Reduce the tax on fuel so as to reduce transport fares.
- vii. Encourage taxi operators to learn at least some elementary English and/or French so as to be able to communicate with visitors from different parts of the world.
- viii. Close taxi parks at midnight instead of 10.00 p.m.
- ix. Increase the number of taxi bays within the City centre.
- x. Ensure cleanliness in public transport and in the taxi parks.
- xi. Expand the capacity of taxi parks so as to reduce congestion of vehicles and passengers.

1.7 Accommodation

The available types of accommodation in the City of Kigali are hotels, guesthouses, and private accommodation. Out of a total number of 29 hotels/guesthouses a sample of 21 was selected for the study. As indicated in Table A15, 61.2 % of the visitors interviewed were living in Hotels, 22.6% in Guesthouses, 12.3 % in private accommodation and 3.9 % staying with personal contacts and relatives and in official/organisations' accommodation. This shows that hotels are the most favoured type of accommodation.

Table A.15: Visitors' choice of type of accommodation

Type of accommodation	Hotel	Guest house	Private accommodation	Other	Total
Number of visitors	95	35	19	6	155
Percentage of the total number	61.2	22.6	12.3	3.9	100

Most of the accommodation is located in Nyarugenge and Nyamirambo. Table A16 shows that 32.3 % of the visitors were residing in Nyarugenge and 29.7 % in Nyamirambo. Other Districts where the visitors were residing were Kacyiru (12.9 %), Remera (11.6 %), Gikondo (7.1 %) and Kicukiro (0.6 %). No visitors interviewed were staying in Butamwa or Gisozi. 5.8 % of the visitors did not specify the location of their accommodations. Butamwa and Gisozi have recently been included in the CoK but so far no hotels or guesthouses have been established in these Districts.

Table A.16: Locations of visitor accommodation within Kigali

Location	Kacyiru	Kanombe	Nyarugenge	Nyamirambo	Gikondo	Kicukiro	Butamwa	Gisozi	Location not specified	Total
Number of visitors	20	18	50	46	11	1	-	-	9	155
Percentage of total	12.9	11.6	32.3	29.7	7.1	0.6	-	-	5.8	100.0

Proximity to the sites(s) to be visited or to location of business was the main reason given by visitors for choosing the location of their accommodation, (43.9% of the visitors chose the accommodation because it was close to what they came for). Publicity influenced the visitors' choice of accommodation. 9.0 % of the visitors' choice of accommodation was influenced by publicity. Other factors that influenced the visitors' choice of accommodation were cost, Cost, personal contacts, quick and purposeful,

safety and security, Quiet and peaceful surroundings, proximity to city centre, tours and travel agencies which made the bookings for them.

Table A.17: Reasons for choice of location of accommodation

Reason	Publicity	Proximity (to sites, business location)	Other	No resp.	Total
No of visitors	14	68	45	28	155
Percentage of total visitors	9.0	43.9	29.0	18.1	100

The opinion of the majority of the visitors (50) was that the hotels, guesthouses and private accommodation in the CoK were good. However, the hotels in the CoK still have room for improvement.

Table A.18: Accommodation rating by visitors

	Poor	Fair	Good	Very good	Excellent
Hotels	4	30	50	20	3
Guest houses	3	9	18	8	2
Private accommodation	1	-	10	3	1
Other	-	-	-	1	1

The visitors had several complaints about the quality of accommodation in the CoK. As shown in Table A19, 56.7 % of the visitors had complaints, 38.1 % had no complaints and 5.2 % did not respond.

Table A.19: Views on accommodation

	Number of visitors	Percentage of total visitors
No complaints	59	38.1
Complaints	88	56.7
No response	8	5.2
Total number of visitors	155	100.0

Of the 56.7 % visitors with complaints

- i. 23.8 % complained about poor or lack of, basic facilities in the rooms such as telephones, TVs, Internet, air conditioning, etc;

- ii. 22.0 % complained about the high cost;
- iii. 18.7 % complained of slow or poor services such as no regular cleaning and unqualified workers;
- iv. 16.7 % complained of limited room space;
- v. 9.7 % complained of inefficiency;
- vi. 5.8 % complained of communication problems (some hotel staff is not able to speak, or have difficulties in speaking, English and/or French).

The visitors' proposals for the improvement in the conditions of the accommodation in the CoK are included in the recommendations at the end of this section.

Table A.20: Nature of visitors' views on accommodation

Nature of complaint	Limited room space	Poor/Lack of basic accommodation facilities	Poor services	Expensive	Inefficient	Other	No response	Total
Number of visitors	26	37	28	34	15	9	6	155
Percentage of total	16.7	23.8	18.1	22.0	9.7	5.8	3.9	100

Most visitors (54.8 %) spent less than US\$ 30 per night on accommodation.

Table A.21: Visitors' expenditure on accommodation per day

Expenditure (Range U\$)	Less than 30	31 – 40	41 - 50	51 – 60	More than 60	No response
Number of visitors	85	35	19	5	6	5
Percentage	54.8	22.6	12.3	3.2	3.9	3.2

1.8 Visitors' expenditure on meals

Of the 155 visitors interviewed, 38.7 % spent US\$ 11- 20 per day on meals, 35.5 % spent less than US\$ 10, 15.5 % spent US\$ 21-30, 5.2 % spent between US\$ 41 and 50. Only 1 visitor (0.6 %) spent above US\$ 50 per day on meals.

Table A.22: Visitors' expenditure on meals per day

Expenditure (Range in US\$)	Less than 10	11 - 20	21 - 30	31 - 40	41 - 50	More than 50	No response	Total
Number of visitors	55	60	24	8	2	1	5	155
Percentage of total	35.5	38.7	15.5	5.2	1.3	0.6	3.2	100

Of the total visitors interviewed, 40.6 % accepted to be paying some form of dues, fees or taxes on top of their meal bills, while 59.4 % said they did not. Of the visitors who were paying dues, fees or taxes, 45.4 % said that these extra costs had an effect on their decision to purchase meals while 54.3 % said that the costs had no effect.

Visitors' expenditure on souvenirs

Of the visitors interviewed, 34.1 % said they had bought souvenirs, while 65.9 % had not bought any souvenirs from within the City of Kigali. Some visitors had no reason for not buying the souvenirs, while reasons that were given by others for not buying them include poor quality, high cost, lack of time, not seen souvenirs or having no interest in them.

Table A.23: Reasons for not buying souvenirs

Reason	Poor quality	Very expensive	No reason	Other	Total
Number of visitors	1	35	57	9	102
Percentage of total visitor	1.0	34.3	55.9	8.8	100.0

The visitors who did buy souvenirs said that they had bought handicrafts, jewelery, clothing, local cosmetics, local beer and Maps of Rwanda.

The majority of the visitors (43.4 %) who bought souvenirs spent US\$ 31-50 on souvenirs, while 37.7 % spent less than US\$ 30, 7.5 % spent US\$ 51-60, 9.3 % spent above US\$61-80. The expenditure on souvenirs is in respect to the entire period of the visitors' stay in the CoK.

Table A.24: Visitors' Expenditure on Souvenirs

Expenditure (Range in US\$)	Less than 30	31 - 50	51 - 60	61 - 80	Above 80	Total
Number of visitors	20	23	4	1	5	53
Percentage of total	37.7	43.4	7.5	1.9	9.3	100

1.9 Interests/hobbies/activities of visitors

The interests/hobbies/activities identified by the visitors include games and sports, reading, traveling, dancing, movies (cinema), art, sight-seeing, trekking and hiking.

Table A.25: Interests/hobbies/activities of visitors

Interest/hobbies /activity	Games & sports	Reading	Travel	Dancing	Movies (Cinema)	Other	Total
Number of visitors	61	60	76	23	26	8	254
Percentage of total visitors	24.0	23.6	30.0	9.1	10.2	3.1	100

The CoK needs to add some games and sports facilities to cater for the visitors' interests.

Existing attractions in the City of Kigali

The objective was to identify the things that interest the visitors in the CoK. The visitors gave a number of attractions which can be categorized as natural, artificial, historical and ethnical/cultural attractions, and special events or gatherings.

Table A.26: Number of attractions known to (or already visited by) visitors within the CoK

	None	One	Two	Three	Four	More than Four
Natural attractions	89	4	1	-	1	-
Man-made attractions	2	12	12	3	1	1
Historical attractions	50	13	5	1	-	-
Ethnic/cultural attractions	43	11	-	2	-	-
Special events/gatherings	28	43	4	2	-	-

From this table, most people/visitors do not know any tourist attractions or just know one attraction. This calls for a vigorous steady campaign and dissemination/publicity in and outside the City of Kigali as well as Rwanda.

Several of the attractions that visitors identified and had already visited by category include:

Natural attractions

- (i) Hills;
- (ii) Natural vegetation ;
- (iii) Agricultural crops in the markets.

Man-made/artificial attractions

- (i) Amahoro sports stadium;
- (ii) Higher institutions of learning;
- (iii) Housing estates: Kibagabaga and Nyarutarama;
- (iv) Heavy traffic road (Poid Lourds);
- (v) Hotels: Mille collines and Novotel;
- (vi) Business center;
- (vii) Kanombe International Airport;
- (viii) Leisure and entertainment sites: Nyarutarama Golf course, Circle sportif, Cadilac, Maxime (Novotel);
- (ix) Statues, portraits and fountains on city roundabout: Kimihurura and city center;
- (x) Overhead bridges.

Historical sites/attractions

- (i) Genocide sites: Gisozi, Rebero (Nyanza), and Nyamirambo;
- (ii) The residence of the first President of Rwanda (Jali club).

Ethnic/Cultural attractions

- (i) Rwanda cultural groups: Batwa traditional dances;
- (ii) Wedding ceremonies;
- (iii) Artisan village;
- (iv) Rwanda/French cultural center;
- (v) Islamic cultural center

Special events/gatherings

- (i) Trade fair (Expo 2001);
- (ii) Cinema;
- (iii) Football matches;
- (iv) Church/church conferences/religious gatherings;
- (v) Rally: bicycle and motor;
- (vi) Presidential swearing –in ceremony;
- (vii) Liberation and Heroes days;
- (viii) Walking competition;
- (ix) Business meeting and conferences;
- (x) Graduation ceremonies;
- (xi) Heads of police conference (EAPCCO) at Windsor UMUBANO Hotel - East Africa Police Chiefs Conference;
- (xii) Dinner parties

Visitors felt that attractions were all good. Special events/gatherings, ethnic/cultural attractions and artificial attractions in this order were seen as being better than natural and historical attractions. Actually, according to the visitors' responses, they had seen very few natural and historical attractions.

Table A.27: Ranking of attractions known to (or already visited by) visitors in the CoK

	Poor	Fair	Good	Very good	Excellent
Natural attractions	3	4	14	5	1
Man-made attractions	5	7	19	4	-
Historical attractions	6	8	8	5	-
Ethnic/cultural attractions	3	9	25	6	-
Special events	4	10	27	25	6

The rankings are still concentrated in the poor, fair and good category, which must be improved if the CoK is to get a higher traffic of visitors.

The majority of the visitors incurred a cost of less than US\$ 40 in visiting the attractions. The highest costs are for attending special events/gatherings, although this is the same category of attractions, which the majority of visitors attended for, free. Table A28 shows costs that were involved in visiting the different categories of attractions within the CoK.

Table A.28: Costs involved in visiting attractions

	Free	Less than 40	41 – 50	51 – 60	61 - 70	More than 70
Natural attractions	-	11	3	3	1	1
Man-made attractions	3	14	7	1	-	-
Historical attractions	11	11	-	-	-	-
Ethnic/cultural attractions	12	9	2	-	-	-
Special events/gatherings	16	24	1	1	7	-

Those attractions that are more costly to visit have failed to attract great interest from visitors, which suggests that pricing should be reviewed.

1.10 Employee profile in the tourism and hospitality sector

The accommodation sector employs more employees than other services in the Tourism and Hospitality sector. A sample of 21 hotels/guesthouses and 4 tours and travel agencies were interviewed to determine the number of staff employed. As shown in Table A29, the majority of hotels/guest-houses (only 11) were found to employ fewer than 10 employees. Five hotels employ between 31 and 40 employees, the large Hotels in the city of Kigali falling under this category (Hotel Mille Collines, Novotel, Hotel Chez Lando, and Hotel Alpha palace, Hotel Ninzi hill, Hotel Okapi and Hotel Isimbi. Also as

indicated in table A29, the majority of the tour and travel agencies employ fewer than 10 employees.

Table A.29: Number of employees in the tourism and hospitality sector (by service) in the CoK

Service	Fewer than 10	11 - 20	21 – 30	31 – 40	40 and above	Total
Accommodation services	11	2	2	5	1	21
Tours and travel services	3	-	1	-	-	4

Over 68% of employees in this sector are unskilled or semiskilled. Most of these are high school ordinary level and primary school graduates. This group falls in the lower income earners category. There is a need to train most employees in hotels in the CoK if the services are to be improved.

Table A.30: Range of job skills/qualifications and wages/benefits of employees in the Tourism and Hospitality sector (by service)

Qualifications/ Skills	Ph. D	Masters Degree	Bachelors Degree	Associate Degree	Diploma	Certificate	High school (Sen. VI)	Ordinary level (Sen. IV)	Primary certificate	Total
Wage/salaries (FRw.'000)	-	-	200-500	45- 320	40- 250	20- 200	20- 200	17-100	7-30	
Number of employees	-	-	4	5	6	7	14	18	14	68
Percentage			6	7	9	10	21	26	21	

Within the sector, employees are promoted on the basis of age, qualifications, experience, seniority, commitment, capability, and attitude towards work and level of output.

1.11 Peak periods in the tourism and hospitality sector

Peak periods are the winter periods in Europe and America (September to February), school holidays (April break, June/August and December), and weekends.

1.12 Potential for growth of Tourism and Hospitality sector

There currently exists very few (if any) attractions within the city of Kigali, yet Kigali is large enough, well located and has great potential for developing tourism. Tourist attractions are important in that they are an important source of income for the city of Kigali and Rwanda in general. Attractions and places of relaxation and recreation in the city of Kigali will offer a relaxing facility for both visitors and citizens.

Developing the tourist sector within the CoK, especially through establishing a wildlife sanctuary, will facilitate visitors who would not have time to visit the country interior where these animals live in their natural habitat.

The city of Kigali has good scenery: hills and valleys fit for mountain climbing. The hills of Kigali (Mt. Kigali, Rebero and Jali) could be ideal for this kind of activity.

Sports facilities and sports varieties are important and have not been fully exploited in the city of Kigali. More should be introduced.

Tourist attraction sites such as Genocide sites are historical areas of great potential. Their potential has not been fully exploited.

Foreign visitors need opportunities to meet Rwandan people and to know more about the Rwandan culture and history. Such facilities are lacking and should be made available.

1.13 Challenges of developing Tourism and Hospitality industry in the City of Kigali

The development of tourism is capital-intensive and in many aspects requires that socio-economic infrastructure be put in place. The authorities will have to face a variety of challenges in attempts to provide the necessary conditions for development of tourism and hospitality infrastructure.

Reliable and reasonably priced transport and communication facilities are lacking in the City of Kigali and Rwanda in general. These will need to be provided, as an encouragement for would-be investors.

Safety and security of visitors and their property are paramount. The Tourism and Hospitality industry is highly sensitive to political instability and social friction guarantee must be made before investment can take place.

Government macro-economic policies and regulations such as taxation, subsidies/incentives and the regulations regarding establishment and control of players in the tourism and hospitality sector need to be considered. The government, through policies and regulations, will be required to create an environment that encourages private investments.

Limited financial facilities for the expansion and development of tourism infrastructure need to be addressed.

Development of human resources must be undertaken. This involves setting up key institutions for training of in the industry. The human resource aspect is critical to the development of tourism and hospitality industry as it is a service industry.

Provision of water, sanitation and electricity are lacking and will need to be addressed if investors are to be attracted.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The study has presented several issues regarding the four focus areas of the study of Tourism and Hospitality industry. The introduction gives an overview of the Rwandan Tourism and Hospitality industry indicating the importance of this sector to the economy as a whole. It summarizes the background and some negative aspects that may have contributed to the low performance of the industry.

The following recommendations are based on the findings and conclusions of the study. The findings and conclusions resulted from discussions and recommendations from the key industry players.

Views of visitors and operators in the tourism and hospitality sector regarding the creation, preservation and improvement of the tourist attractions in the CoK have been taken into consideration in formulating recommendations as shown below:

Policy area: Travel and tourism information

Objectives and targets

1. Create awareness of what Rwanda has to offer;
2. Develop reliable and up-to-date tourist statistics
3. Improve on tourist support services;
4. Create a positive public appreciation of Rwandans in general towards foreign visitors;
5. Make available brochures, maps, and other literature on tourist attractions.

Recommended strategies and measures

1. Use of billboards, radio, TV, newspapers, and Internet.

2. KIST as an IT center should develop and maintain a Kigali tourism information website. The website should facilitate easy reservations for transport and accommodation, initiative from the private sector (Dr Joseph Mukasa, Hotel Isimbi) is already in place.
3. Update all City, major town, regional and national maps.
4. Erect road signs indicating where to find tourist information, accommodation, police posts, etc
5. Improve statistics-collection at entry points and in the accommodation sector. Guest registration documents should be made mandatory for all establishments and should be submitted to the relevant authorities.
6. Redesign immigration forms for security reasons and also for tourism information and as a general data base.
7. Improve dissemination of tourist information – brochures at the airport, tourist information bureaus and in accommodation establishments.
8. Computerize arrival and departure records at entry points.

Policy area: Development of natural attractions

Objective and target

Capitalize on the variety of beautiful scenery and recreation facilities.

Recommended strategies and measures

1. Set up information bureaus at the airport and at border posts.
2. Establish a Kigali Tourism information/Public Relations department.
3. Improve financial services and other services.
4. Establish tourist information agencies or appoint Tour and travel operators in foreign countries to represent and promote the country.
5. Establish and strengthen the partnership amongst the stakeholders in the tourism and hospitality sector (government ministries and departments, hotels, tours and travel agencies, airlines companies, training institutions, etc.).
6. Initiate education programs and campaigns in schools, media, etc. aimed at promoting positive perceptions of tourists.

7. Create a variety of recreations and maximum utilization of the natural attractions such as the beautiful landscapes and bio-diversity.
8. Document existing attractions.

Policy area: Transportation

Objectives and targets

Improve public transport systems, roads, and safety on roads

Recommended strategies and measures

1. Encourage transport operators to approach their business professionally.
2. Design and implement a road repair maintenance program.
3. Improve the road information signs and markings on the roads.
4. Increase the number of bus/taxi stopping points along the major routes from the city centre.
5. Increase the number of buses/minibuses and taxis.
6. Regulate the condition of public transport vehicles.
7. Repair/replace road signs, road traffic lights, street lighting and street names.
8. Ensure that traffic police authorities are more vigilant on proper road use including speeding, and carrying excess passengers.
9. Establish/encourage a booking system where passengers can book and have their places reserved for them.
10. Encourage taxi operators to learn some elementary English and/or French so that they are able to communicate with different visitors from different parts of the world.
11. Taxi parks to be closed at least at mid-night instead of 10.00 p.m.

Policy area: Accommodation

Objectives and targets

Standardize accommodation facilities.

Recommended strategies and measures

Regulate accommodation services by ensuring that hotels are classified.

Policy area: Domestic Tourism

Objectives and targets

Promote domestic tourism.

Recommended strategies and measures

1. Create public awareness of the existence of tourist attractions within the city of Kigali;
2. Promote aggressively through discounted rates, school trips, corporate tours, etc.

Policy area: Tourist attractions

Objectives and targets

Create and develop attractions.

Recommended strategies and measures

1. Establish a branch of the National Museum in the city of Kigali.
2. Constructing an artificial lake in Kigali.
3. Construct a variety of entertainment features such as leisure parks both for children and adults.
4. Support informal sector projects such as crafts markets through allocation of suitable land and development of infrastructure.
5. Promote nature conservation policies and practices such as the development of an arboretum to protect indigenous vegetation.
6. Develop footpaths for joggers and health-conscious.
7. Develop excursions to those areas outside the CoK boundaries for those who will be staying in the City but would like to make day trips.
8. Establish a wildlife sanctuary. The most appropriate place for this has been identified as the shores of river Nyabarongo. This will house animals such as hippos, crocodiles and other aquatic animals.

9. Develop a shopping centre and a national library in the centre of the City.

Policy area: Education and Training

Objectives and targets

Education and Training.

Recommended strategies and measures

1. Take initiative in development of staff in the area of: hospitality, tourism and conservation sectors - personnel in hotels, guesthouses, restaurants, and parks on the relevant job and service skills.
2. Introduce training in tourism and hospitality at KIST.
3. Other allied sectors: personnel who come in contact with tourists such as airport personnel, immigration staff, Airport authority staff, Taxi drivers, security personnel, police services personnel, petrol station attendants, crafts dealers on tour guiding and service skills, etc.
4. Incorporate the four main languages (English, French, Kiswahili and Kinyarwanda) in all training programmes.
5. Strengthen the existing AIDS control and education programs.

Policy area: Protection of country's national heritage

Objectives and targets

Protect historical monuments, trees, rocks, shelter, tools and equipments.

Recommended strategies and measures

Protect and conserve the house of first German governor, Richard Kant, House of first Rwandan President at Jali club, First government city houses near KI' Star supermarket, Genocide sites, Sport stadia, cultural, ethnic centers, etc.

Policy area: Safety and Security

Objectives and targets

Ensure the safety and security of visitors and their property.

Recommended strategies and measures

1. Create an office of tourist police at the airport, border posts and major tourist resorts and the city of Kigali.
2. Provide cautionary information regarding personal security measures.

Policy area: Conventions and conferences

Objectives and targets

Establish Kigali as a regional convention and conference centre.

Recommended strategies and measures:

1. Establish conference, accommodation, and communication facilities.

SECTION 2: INDUSTRY

2.0. Introduction

Over the last decade, considerable changes have taken place in the world economic order, brought about by a number of factors. The most important new factor is the growing intensity of international competition, spurred by the advent of globalization.

This survey seeks to establish whether there are some industries in the CoK that are already concerned with themes related to sustainable economic growth to meet ever growing international competition.

The survey was also designed to indicate the factors that promote industrial and commercial services/business activities that may lead to the sustainable economic development of Rwanda in general and the city of Kigali in particular. Most importantly "good practices" implemented by individual businesspeople and duly supported by policy makers and its executors were sought.

2.1. Objectives

The present study broadly aimed at achieving the following objectives:

- To evaluate the Industry of the CoK in terms of its competitiveness;
- To maximize the potential of the local economy

2.2. Scope

The present study focused on assessing and evaluating:

- Industry, in terms of employee profile, number, status and remuneration, etc;
- requirements for public infrastructure like, roads, electricity, power, water, gas and transportation support;
- the markets catered for by industry, so as to assess the potential for export and/or import substitution;
- the overall potential of industry in the CoK and the impact of the growth in this sector on the overall development and sustainable economic growth of Rwanda.

2.3. Area covered

The area of study covers all 220 Cells of the city of Kigali.

2.4. Industry

In total 40 industrial units involved in mining, manufacturing and production of electricity and energy were visited during the course of investigation but only 34 were found to be in working condition. Information could only be obtained from 23 units, which represents more than two-thirds of the working units.

The survey made use of questionnaires as well as focussed interviews. Interviews were conducted to discuss key issues such as prospective growth plans, long-term investment, intended growth rate, vision of the industry for the next 5-10 years, etc. Basic requirements and expectations from various government bodies and regulatory authorities were also taken into account.

2.5. Commercial services

All eight districts were selected during the first stage and then at the second stage two sectors from each district were chosen randomly. While selecting sectors an attempt was made to pick those having the maximum number of commercial services. While selecting individual sample units, every care was taken to ensure that all types of commercial services were included. In total 201 commercial service providing units were selected, ranging between 15 and 25 from each district except Nyarugenge from where a total sum of 96 was taken, since it is the place that houses more than 60% of the total commercial services of the CoK.

Those units which have not yet completed one year of operation were ignored and kept out of our sample preview to avoid any skewing effect on the results.

Table A.31: Sample units for commercial services in the CoK

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total
NNumber of Units	96	20	25	15	10	8	20	7	201

2.6. RESEARCH METHODOLOGY

The following methodology was used:

- Review of various reports, documents, policies and literature relevant to the philosophy of economic development in respect of developing and least developed countries (LDCs);
- Review of the industrial policy of the Government of Rwanda;
- Review of reports from the various ministries, especially those of Finance and Economic planning, Ministry of Commerce, Investment Authorities, etc;
- Interviews and discussions with the Director of Finance and Economic Planning and other departmental heads;
- Informed discussions, interactions, and interviews with ordinary citizens of the city of Kigali;
- Formal and informal interviews and interactions with various industrialists, professional managers, commercial service providers, professionals and consultants;
- Interviews and discussions with the Mayors of various districts on their opinions and vision of the city of Kigali's growth in the coming 5-10 years and various issues concerning the sustainable growth and development of the CoK in general and their respective areas in particular;
- Visits to and interactions with the staff of the Districts and selected sectors;
- Observations and discussions with various constituents of business activities, during visits to market places, business centres, industries, and assessment of various infrastructures, facilities etc.

The study was based on two data-collection stages. In the first stage, a questionnaire was used to collect information from various industrial units to assess the base conditions, opportunities for and constraints to growth in industry. In the second stage, focussed interviews were conducted with experts, a group of selected industrialists, professional managers and heads of various government offices.

2.7 Industrial profile of the CoK

As evidenced in Table A32, only two industries are owned jointly by foreigners and national partners.

Table A.32: Ownership of industry

Ownership	No.	%
Foreigners	6	26.1
Nationals	15	65.2
Both / Joint	2	8.7
Total	23	100

All 23 industrial units have their main plant in the CoK, however 13% of these units have other plants outside Kigali e.g. Japan and Canada. All the 23 industrial units are run from the buildings owned by the respective units. Therefore, no industrial unit is paying any rent for the building space and land area used by them.

Table A.33: Location of headquarters within the city of Kigali

Districts	No. of Industries
Nyarugenge	3
Kanombe	2
Kicukiro	6
Gikondo	7
Kacyiru	1
Butamwa	0
Nyamirambo	0
Gisozi	2
Total	23

Table A34 shows that a high percentage of industries in the CoK are old (47.8%) and only a few were constructed after the war of 1994.

Table A.34: Age of industry

Years	Number of Industries	Percentage
Less than 5	3	13.0
5 – 10	3	13.0
10 – 15	2	8.7
15 – 20	4	17.4
More than 20	11	47.8
Total	23	99.9

Table A35 indicates that 78.3% of industries had not relocated during the past ten years, and 4 out of 23 relocated within the CoK, and only one industrial unit moved into the CoK from other Rwanda locations outside Kigali. No industry has been established into the CoK from any foreign or COMESA locations.

Table A.35: Relocation of industry during the past 10 years

Moved from	Number	Percentage
Kigali Prefecture	4	17.4
Rwanda Locations Outside Kigali	1	4.4
COMESA Locations	-	-
Other foreign locations	-	-
Not applicable	18	78.3

2.8: Employee's profile in industries in the city of Kigali

There are 3107 full time employees in all the 23 industrial units that represent about 10% of the total number of employees, as part-time employees constitute 90%.

Table A.36 : Nature of employment

Nature of Employment	Number	Percentage
Full time	3107	10.0
Part time	28027	90.0
Total	31,134	100.00

Out of total 3107 full time employees, 31.5% are unskilled labourers and 63.6% are skilled labourers.

Table A.37: Percentage of employee by position

Status / position	Full time	%	Part time	%	Total	%
Managers	64	2.1	4	0.0	68	0.2
Professionals	115	3.7	-	-	115	0.4
Technicians	346	11.1	28	0.1	374	1.2
Craftspeople	204	6.6	150	0.5	354	1.1
Operators	262	8.4	149	0.5	441	1.4
Service / clerical workers	194	6.2	2	0.0	196	0.6
Other skilled labours	792	25.5	29	0.1	821	2.6
Unskilled labours	979	31.5	2765	98.7	29,63	95.2
Others	151	4.9	7	0.0	158	0.5
Total	3107		28027		31,13	100

Table A.38, represents information on monthly gross salaries prevailing in the industrial units in the CoK. The information was made available in respect of 3676 employees of which 569 were part-time employees.

About 75.2% employees get 50,000 FRw. There are 36.8% who are only getting up to 20,000 FRw, which is low in relation to the cost of living in the CoK. About 14% of employees get between 50,000 and 100,000 FRw, 6.7% fall into the category of those getting between 100,001 and 200,000 and only 3.1% fall in the category getting between 200,001 and 300,000. Less than one percent of employees are getting more than 300,000 FRw per month.

Table A.38: Employees by gross salary structure

Gross Salary per month	Number of employee	Percentage
Less than 20,000 FRw	1352	36.8
20,001 to 50,000 FRw	1415	38.5
50,001 to 100,000 FRw	516	14.0
100,001 to 200,000 FRw	247	6.7
200,001 to 300,000 FRw	113	3.1
300,001 and above FRw	33	0.9
Total	3676	100.0

Table A39 represents information on the change of employment in industrial units in the CoK. Out of the total industrial units only, 21.7% have increased employment and 34.8% have reduced employment in their respective units, whereas 43.5% reported no change in their employment in the past 5 years. Only 13 industries recorded their response for percentage change in employment. Out of these 13 units, only 5 reported increase in employment.

There has not been any increase in the employment opportunities in the industries that are engaged in manufacturing activities in the CoK during the last 5 years.

Table A.39: Change in employment during the past 5 years

Change	Number	Percentage
Increase	5	21.7
Decrease	8	34.8
No change	10	43.5
Total	23	100.0

The results of Table A40 support the hypothesis that in aggregate there has not been any change in employment opportunities in the industrial units in the CoK and particularly those engaged in manufacturing activities. Whatever has been the change in

one industrial units has been offset by another in the opposite direction, which may be due to a shift in the change in business activities of different industrial units engaged in the manufacturing of different products.

Table A.40 : Reasons for change in employment

Factors / Reasons	Ranking			Total
	1	2	3	
Better offers	-	1	-	1
Change in Technology	3	1	1	5
Change in Business Activities	9	1	-	10
Increase or decrease in the efficiency of employers	2	2	-	4

2.9 Assessment on raw materials, finished products and markets served by the industries of the CoK

Table A41 reveals that 69.5% of raw materials is imported by industry and the balance, i.e. 21.7% and 8.7%, is procured from the CoK, and other Rwanda locations outside the CoK respectively.

Table : A 41 Sources of raw materials

	CoK	Rwanda locations outside Kigali	COMESA Locations	Other Foreign Locations
Quantity of Raw Material	21.7%	8.7%	21.7%	47.8%

Table A42 reveals that 87.0 % of finished products are sold within Rwanda of which little more than half is sold within the CoK. Only 13.0 % is exported from Rwanda.

Table A.42: Distribution/sale of finished product

	CoK	Rwanda locations outside Kigali	COMESA Locations	Other Foreign Locations
Quantity of output	43.5%	43.5%	4.3%	8.7%

Table A.43 indicates that 82.6 % of the industries are catering for the requirement of consumer markets and only 4.4 % industrial units are serving the industrial markets.

Here, it is found that there is a dire needs to promote such industries that could produce import substitutes to feed to industrial units, which are importing. There is also scope for promoting local industrial units to feed the local markets that are presently heavily fed by imports. This will help to reduce the imbalance in trade of the country as well as pressure on the outflow of foreign reserves from the country.

Table A.43: Markets / Segments served by industry

	Numbers	In %
Industrial Markets	1	4.4
Consumer Markets	19	82.6
Both	3	13.0
Total	23	100.0

Table A.44 reveals that 39.5% of the goods are transported by trailer travel closely followed by small truck or van, with 34.9%.

Trailer travel ranks first in importance with 53.6% followed by small truck or van with 39.3%, leaving only 7.1% for other means of transportation. Air transport was not ranked as most important by any of the industrial units.

Table A.44 Modes of transport for shipping & receiving of goods

Means of Transport	<i>Ranking</i>						Total	%
	Most important	Very important	Important	Less important	Least important			
Small truck or van	11	1	2	1	-	15	34.9	
Trailer travel	15	2	-	-	-	17	39.5	
Air transport	-	4	1	2	2	9	20.9	
Marine transport	2	-	-	-	-	2	4.7	
Total	28	7	3	3	2	43	100.0	

2.10: Assessment of industry's level of satisfaction

Table A.45, records the industrial units' level of satisfaction with their present locations. Of all the industrial units, 43.5% consider their present location as good followed by

39.1% considering it as very good and 17.4% consider their present location as fair. None of the industrial units consider their present location either poor or very poor.

Table: A.45: Satisfaction with present location of industry

Satisfaction level	Number	Percentage
Very good	9	39.1
Good	10	43.5
Fair	4	17.4
Poor	-	-
Very poor	-	-
Total	23	100.0

Table A.46 presents rank preferences given by industrial units of factors that influence the choice of site location.

From the total 46 observations recorded in this respect, the highest-ranking (26.1%) goes to public transit access. Safety is the second most important factor closely followed by nearness to market (21.7%) and government support (19.6%). The condition of adjacent area was the least-preferred factor, with 8.7%.

Table A .46 Factors influencing site locations

	<i>Ranking in order of Preference</i>			Total	%
	1	2	3		
Safety	6	3	2	11	23.9
Government Support	5	2	2	9	19.6
Public Transit Access	4	5	3	12	26.1
Condition of Adjacent area	-	2	2	4	8.7
Nearness to market	4	2	4	10	21.7
Others	-	-	-	-	-
Total	19	14	13	46	100.0

Table A47, presents information on payment of taxes by industry to the CoK, satisfaction of industry over the services of the CoK, willingness of industry to pay more taxes for better and additional services by the CoK and the environmental problems associated with individual industry units.

In terms of payment of taxes at present as well as willingness to pay more taxes in future in anticipation of improved services, more than 70% of industrial units are presently paying taxes to the CoK and have shown their willingness to pay more taxes in future for improved services.

More than 85% of the industrial units are not satisfied with the kind of services presently provided by the CoK. Therefore the CoK authorities should try to find the gaps in their services experienced by industrial units in the CoK.

Table A.47 : CoK authority vis-à-vis industry

	Yes	No	TOTAL
i) Payment of taxes to PVK	16	7	23
li) Satisfaction with services by PVK/Local Govt.	8	15	23
lii) Environmental Problems associated	3	20	23
Iv) Willing of Industry to pay more taxes / charges for better & more services	17	6	23

Table A.48 reveals the expectations of industry in respect of various services from the CoK.

Most (31.7%) expect maintenance of good roads to their desired premises, followed by security & safety arrangements with 29.3% and general public services with 26.8%. Proper parking has been the last choice with only 12.2% in favour. It may be concluded that the CoK authorities should look into the expectations of industrial units for provision of general public services to the industry in the CoK to enhance its image.

Table A 48: Services expected from the CoK

Services	Ranking in order of preference			Total	%
	1	2	3		
Proper parking facilities	1	-	4	5	12.2
Maintenance of roads to the premises	7	3	3	13	31.7
Security & safety arrangements	7	5	-	12	29.3
General public services	4	5	2	11	26.8
Total	19	13	9	41	100.0

Factors of production like land, infrastructure and energy, labour, capital and business environment were assessed in terms of their availability and cost as a problem or advantage on a 5-point scale. A total of 453 responses were analysed, of which 41.7%

(almost equally shared between critical & moderate problem) consider all the factors of production in aggregate as problems, and only 31.8% (almost equally shared between moderate & major advantage) considers these factors as advantages, whereas 26.5% are neutral about these factors.

In terms of individual factors like land, labour in terms of availability, location & cost (except cost of skilled labour) the majority of industries consider these as advantages for their business in the CoK, whereas the cost of skilled labour is considered as a problem.

In case of infrastructure & energy factors like roads, communication, power, electricity, water and gas, in terms of their availability, conditions & cost, more than 80% of the industrial units considers cost of all these infrastructure as problems (out of these about 80% further consider it as critical problem) to the growth of their respective business.

In terms of availability, the position seems to be in favour particularly in the case of communication and roads in the ratio of 60 to 40 between advantage and problem. But again the availability of power, electricity, water and gas was considered as a problem by more than 60% of respondents.

The availability of skilled labour as well as capital has been regarded as more of a problem than an advantage. In terms of the cost of skilled labour 50% of the respondents consider it a problem and only 27% consider it an advantage, with 23% remaining neutral.

As far as cost of capital is concerned, 65% consider it as a problem (i.e, more than two-thirds consider it a critical problem) whereas only 30% consider cost of capital as an advantage with 5% staying neutral.

In terms of business environment comprising of regulatory taxes and provision of government services, only 63.8% ($12+16+16=44$ out of total $3 \times 23=69$) responses were recorded and out of these more than one third, i.e 36.4% ($6+4+6$), were neutral. But out of the remaining 28 observations, 19 (67.9%) consider business environment highly unsatisfactory and problematic to their business units. Only 2.1% (9 out of 28) consider the business environment in the CoK as an advantage to their respective industrial units.

Table A.49: Factors favourable or unfavourable to industry

	Factors	Ranking					Total
		Critical problem	Moderate problem	Neutral	Moderate Advantage	Major advantage	
Land	Availability	-	1	7	4	9	21
	Location	-	-	6	5	9	20
	Ownership Rights	1	1	5	2	5	14
	Costs	2	4	5	1	2	14
Infrastructure	Road-availability	2	5	3	3	7	20
	Conditions	5	4	3	3	4	19
	Communication Availability –	1	2	6	5	6	20
	Conditions	3	1	6	4	5	19
	Costs	7	2	2	1	-	12
	Power Availability -	4	4	3	2	1	14
	Cost	7	3	3	1	1	15
	Electricity Availability -	4	5	7	4	1	21
	Cost	12	6	2	1	1	22
	Water Availability -	5	7	4	3	1	20
	- Cost	7	5	7	1	-	20
	Gas Availability -	4	2	2	1	1	10
	- Cost	4	4	2	-	-	10
Labour	Skilled Labour Availability -	-	11	5	4	2	22
	- Cost	4	7	7	4	-	22
	Unskilled Labour Availability -	-	1	6	4	5	16
	- Cost	-	1	8	6	2	17
Capital	Availability	5	4	4	6	2	21
	Cost of financing / capital	9	4	1	3	3	20
Business environmental	Regulatory	1	2	6	2	1	12
	Taxes	5	5	4	2	-	16
	Provision of Government Services	3	3	6	3	1	16

2.11 Recommendations on services to industries

1. Maintain good roads to the premises and good drainage to the industrial area.
2. Provide proper parking facilities.
3. Ensure security and safety for industries.
4. Make available general public services e.g. electricity, water, etc.
5. Remove delays in legal procedures before one can start a factory.
6. Establish a bureau of standards to look into the quality and standard of goods in Rwanda and from outside.
7. Put into place workers compensation schemes for factory employees who are laid off due to closure of industries.

SECTION 3: COMMERCIAL SERVICES IN CoK

3.1 Profile of commercial services

Table A.50 shows ownership of the Commercial services in all eight districts in the City of Kigali. Throughout the CoK, locals own 78.6% of commercial services, and foreign nationals own the remaining 21.4%.

Nationally, foreign nationals' hold little more than one- third of commercial services, almost 14% above the average held by them in the CoK. In five districts (Kacyiru, Kicukiro, Kanombe, Butamwa and Gisozi) local nationals hold more than 90% of the commercial services.

A sample of 201 commercial services in all eight districts was randomly taken on the basis of the total number of these services in each District. Every effort was made to include a large variety of commercial services. The sample includes wholesalers, retailers, super-markets, department stores, import-export houses, petrol stations, forex bureaus, agencies involved in sales-advertising, accounting- auditing firms, tours-travels, internet services, telecom services, restaurants, storage/ warehouses, construction services etc.

Table A. 50: Ownership of commercial services

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total
Foreigners	34	2	1	3	-	-	3	-	43
%	35.4	10	4	20			15		21.4
Nationals	62	18	24	12	10	8	17	7	158
%	64.6	90	96	80	100	100	85	100	78.6
Total	96	20	25	15	10	8	20	7	201

Table A.51 reveals that approximately three- quarters of the commercial services are less than 5 years old, while 12% are between the ages of 5-10 years. Only 4.0% are

between the age of 10-15 years and 5.5% respectively for those between 15-20 years and more than 20 years old.

In Kacyiru, Kicukiro, Kanombe and Gisozi, the majority of the commercial services (ranging between 80 to 100 percent) are less than 5 years old. In Kacyiru, Kanombe and Gisozi there are hardly any units that are more than 10 years old.

Table A. 51 : Age of commercial service by site

Years	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Less than 5 Yrs	67	16	22	7	9	4	15	7	147	73.1
5-10 Years	10	4	1	5	1	2		-	24	11.9
10-15 Years	2	-	-	2	-		3	-	8	4.0
15-20 Years	9	-	-	1	-	-	1	-	11	5.5
More than 20 Years.	8	-	2	-	-	1	-	-	11	5.5
Total	96	20	25	15	10	8	20	7	201	

Table A52, presented in two parts (A) and (B), represents information regarding the other branches of commercial services operating in the CoK. Only about 16% of commercial units also have other branches, whereas the remaining 84% have only one single unit, operating from within the CoK. Out of total of 38 other branches 57.9% are located within Rwanda (including 47.4% in the CoK) and only 42.8% are in foreign countries with 13.2% located in COMESA region. It has also been observed that only 38% of commercial services were in the same business before coming to their present place of business in the CoK (see table A53).

Table A. 52 A: Other ranches

Other Branches	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Yes	17	3	1	4	1	3	3	-	32	15.9
No	79	17	24	11	9	5	17	7	169	84.1
Total	96	20	25	15	10	8	20	7	201	

Table A.52 B: Location of other branches

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
City of Kigali	9	1	1	1	1	3	2	-	18	47.4
Rwanda Location outside Kigali	1	-	-	1	-	-	2	-	4	10.5
COMESA Locations	1	1	-	1	-	-	2	-	5	13.2
Other foreign Locations	6	1	-	1	-	-	3	-	11	28.9
Total	17	3	1	4	1	3	9	-	38	

Table A.53 A: In the same business or not before coming to present Site

Location	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Yes	44	5	3	8	7	4	6	-	77	38.3
No	52	15	22	7	3	4	14	7	124	61.7
Total	96	20	25	15	10	8	20	7	201	

Table A.53 B: Relocation of commercial services during the Past 10 years

Moved From	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
	20	2	3	4	2	4	3	-	38	46.9
Rwanda Location outside Kigali	2	-	-	-	-	-	2	-	4	4.9
COMESA Locations	12	2	-	3	5	-	2	-	24	29.6
Other foreign Locations	10	1		1		-	3	-	15	18.5
Total	44	5	3	8	7	4	10	-	81	

Table: A.54 reveals that, on an average, 29% of commercial services are run from self-owned buildings and establishments, whereas the remaining 71% of the services providers have taken these facilities on a rental basis.

Table A.54: Status of ownership of building and other facilities

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Own building	26	8	3	6	1	4	6	4	58	28.9
On Rental	70	12	22	9	9	4	14	3	143	71.1
Total	96	20	25	15	10	8	20	7	201	

Table: A55 shows that the businesses which are managed by their owners are 82.6% of the commercial services and only 16.4% are managed by hired professionals. Professional managers are specially hired for running services like restaurants, agencies offering specialized services such as in the area of accounting and auditing, tours and traveling, telecommunications, marketing and advertising etc. Other employees occasionally manage only one percent of the services.

Table A.55: Management of commercial services

Managed By	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Owners	78	16	23	14	10	6	14	5	166	82.6
Hired Professionals	18	4	2	1	-	1	5	2	33	16.4
Others	-	-	-	-	-	1	1	-	2	1.0
Total	96	20	25	25	10	8	20	7	201	

3.2. Employees' profile in commercial service in the CoK

Detailed information on the profile of employees working in various commercial units in the CoK, is presented in tables 56-58. Profiles are discussed in terms of average

employment (approximately eight employees per commercial unit out of which seven are full-time and one is hired on part-time basis). Few commercial units like those involved in transportation, export-import, restaurants and construction have a large number of employees, whereas in the case of traders, merchants and a large number of supermarkets, the average number of employees does not exceed four.

Full-time employees constitute 88.4% while part-time employees account for less than 12% of the total employees working in various commercial units in the CoK.

Table A.56: No. of employees

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Full Time	806	159	85	210	51	32	97	28	1468	88.4
Part Time	83	92	1	13	-	-	3	-	192	11.6
Total	889	251	86	223	51	32	100	28	1660	

Table A.57 shows that 52.2% of employees are attendants followed by technicians who constitute 25.7%, 12.2% are managers, and others (including guards, watchmen, and drivers) are less than 10%.

Only 32.3% of commercial units have reported growth in employment at an average rate of 10-15 percent whereas about 24.9% of respondents reported a decrease in employment of less than 10 percent. The rest of the 42.8% of respondents reported that there was no change in employment.

Table A.57: Employees by status

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Professionals	87	26	25	22	10	8	18	6 6	202	12.2
Technicians	234	47	19	6	6	-	25	-	427	25.7
Attendants		138	39	83	31	22	53	22	867	52.2
Others	89	40	3	22	4	2	4	-	164	9.9
Total	889	251	86	223	51	32	100	28	1660	

Table A.58: Growth in employment

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Increase	31	6	8	2	4	3	10	1	65	32.3
Decrease	18	5	6	3	4	3	7	4	50	24.9
No change	47	9	11	10	2	2	3	2	86	42.8
Total	96	20	25	15	10	8	20	7	201	

3.3. Assessment of District as a place for business

Fifty percent (50 %)of the respondents rate the CoK as a good place for business on a 5-point scale (1= very good, 5=very poor), where as 28.4% rate it as fair and only 6.5% in total rate the CoK as poor and very poor for doing business. Only 14.9% rate the CoK as a very good place for carrying out their commercial activities. Generally, it is found that two-thirds of the commercial units rate their respective Districts as either good or fair, as the place for carrying out their businesses.

Table A.59: Rating of Districts as business places in the CoK

Ranking	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Very Good	15	1	4	3	-	2	5	-	30	14.9
Good	54	6	14	7	4	3	9	4	101	50.3
Fair	24	10	5	4	3	3	6	2	57	28.4
Poor	2	2	2	1	2	-	-	-	9	4.5
Very Poor	1	1		-	1	-	-	1	4	2.0
Total	96	20	25	15	10	8	20	7	201	

Table A.60 reveals that in the City of Kigali 26.6%, 22.8% and 20.6% respondents out of a total 466, rank Public Transit Access, Safety, and Parking as first, second and third respectively as most important factors to their business locations.

In the case of individual districts, broadly the same trends are observed with the exception of Kanombe and Nyamirambo where the third most important factor is considered to be the condition of adjacent shops. Gisozi has also put cleanliness in second place and considers parking at fourth place.

It may be concluded that there is immediate need to enforce different need based strategies for each district within the CoK, as well as a comprehensive strategy for the whole CoK for improving better road conditions and for providing more, safer and better parking facilities.

Table A.60: Assessment of factors important to business Location

Factors	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Public Transit Access	48	10	19	11	10	5	17	4	124	26.6
Parking	52	5	14	10	4	5	6	-	96	20.6
Safety	51	10	17	6	4	4	10	4	106	22.8

Cleanliness	25	8	5	4	6	2	11	-	61	13.1
Condition of Adjacent Shops	14	4	4	7	3	4	4	-	40	8.6
Mix of all the above	17	7	5	6	-	-	4	-	49	10.5
Total	207	44	64	44	27	20	52	8	466	

3.4 Effective factors for the growth of business activities in the CoK

Table A 61 reveals that in the whole CoK, factors effecting growth of business can be rated as follows: first, is improvement in the appearance of the district/area (25.5%) second, is more parking (20.7%), followed by direct marketing (17.1%), crackdown on nuisances (11.5%), more public patrolling (9.7%), sponsored special events/festivals (9.1%) and finally employee recruitment/training programs.

In terms of comparative assessment of individual district vis-a- vis other districts of the CoK, improvement in the appearance of the district/area has been ranked at first place in all the six districts except Kicukiro and Gisozi, where first ranking goes to crackdown on nuisances and more parking respectively. This indicates a shortage of parking in Gisozi and the need for more patrolling in Kicukiro.

The need for more parking has also been felt in all the districts except Nyamirambo and Kicukiro, where parking was considered as the second most effective factor which may prove to be instrumental in the growth of commercial services.

In Nyamirambo, direct marketing is considered as the second most effective factor for growth in this district, whereas in Kicukiro, the second most important factor is considered to be direct marketing as well as improvement in the appearance of the area (with 21.2% each).

Direct marketing is the third most effective factor in Nyarugenge, Kacyiru, Kicukiro and Gikondo.

Table A. 61: Effective factors for business growth

a) Factors	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Direct Marketing	36	8	14	8	2	-	11	-	79	17.1
Sponsored	24	5	3	5	1	-	4	-	42	9.1

Special Events/ Festivals										
Employee Recruitment/Traini ng Programs	20	5	2	-	-	-	3	-	30	6.5
More Parking	45	10	13	9	8	1	6	4	96	20.7
More Public Patrolling	31	8	4	1	-	-	1	-	45	9.7
Crackdown on Nuisances	24	3	16	1	6	-	3	-	53	11.5
Improvement of the Appearance of the Districts/Area	49	13	4	4	0	3	12	3	118	25.5
Total	229	52	66	38	7	4	40	7	463	100

3.5 Future planning

It was found that on, an average, more than 85 % of the respondents are willing to expand their activities while less than 10 % would like to reduce their business. Commercial services in Nyamirambo and Gisozi are finding hardship in managing their businesses as 30 % would like to reduce their size.

Table A.62: Plans for business size

Willingness	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Expand	85	19	24	11	10	8	12	5	174	86.5
Contract	8	-	-	1	-	-	6	2	17	8.5
Stay the same size	3	1	1	3	-	-	2	-	10	5.0
Total	96	20	25	15	10	8	20	7	201	

3.6. Factors hindering the growth of commercial services in the CoK

Table A63 shows that 48.7% of the respondents viewed government interference (by imposing taxes or other collections) as the main factor hindering growth of their business.

Lack of infrastructure was considered by 27.0% to be the second hurdle in the way of their growth. Land Ownership / Property Rights (15.1%) was placed at third.

The problem of security was found to be the last factor as barrier to the growth of commercial services, indicating that law and order are functioning well.

Table A.63: Factors hindering growth of commercial services

Factors	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Government interference by imposing taxes or other collections	68	16	19	14	9	5	18	6	155	48.7
Problem of security by security Personnels or others	16	2	3	1	2	2	1	2	29	9.1
Land ownership / properties right	18	3	9	5	1	-	9	3	48	15.1
Lack of infrastructure	35	2	19	6	6	1	10	7	86	27.0

3.7 The CoK and commercial services

About 73% of the respondents are at present paying one type or the other of taxes to the CoK and almost 95% of the respondents have shown their willingness to pay taxes/ fees in future if assured of prompt and better services (72.6% of the commercial services providers are not satisfied with current services).

There is a need to address the issues of these commercial service providers urgently to make the CoK a better place for the sustainable growth of commercial services.

Table A.64: Payment of taxes by business

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Yes	69	16	14	13	1	6	20	7	146	73.0
No	22	4	11	2	9	2	-	-	50	25.0
No Response	5	-	-	-	-	-	-	-	5	2.5
Total	91	20	25	15	10	8	20	7	201	

Table A.65: Satisfaction with services provided by the CoK or Local Government

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Yes	36	7	1	3	-	4	1	-	52	25.4
No	56	13	24	12	10	4	19	7	145	72.6
No Response	4	-	-	-	-	-	-	-	4	2.0
Total	92	20	25	15	10	8	20	7	201	

Table A.66: Willingness to pay more taxes / fees for better services

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi	Total	%
Yes	87	18	23	14	10	8	20	7	187	93.3
No	6	2	2	1	-	-	-	-	11	5.2
No Response	3	-	-	-	-	-	-	-	3	1.5
Total	93	20	25	15	10	8	20	7	201	

Recommendations

For commercial services the following improvements were recommended:

1. Supply proper parking facilities.
2. Maintain good roads to the premises.
3. Provide security to commercial centres especially at night.
4. Make general services available to businesses (e.g. electricity, water, etc).
5. Remove the delay in legal procedures before one can start a factory or any business venture.
6. Remove the hawkers who are already taking away the business of many shopkeepers.

SECTION 4: CONSTRUCTION

4.1. Introduction

The construction industry is one of the key industries that support the economic sector. It is also an indicator of the state of the economy because whenever the economy is booming, this will be reflected in an increase in construction activities.

In the city of Kigali, more than a half of the construction firms (53%) were established after the war, a trend that, if continued, will boost the city's economy. Most of these are in Nyarugenge, Kacyiru, Nyamirambo and Gikondo districts.

There is a total of 22 registered construction firms in the CoK. Of these, 5 of them are non-operational and have closed down either temporarily or permanently. All the active 17 firms are local firms.

The construction industry employs a great number of people on both part-time and full-time basis, although the majority of these are labourers.

The wages and salaries in this industry are relatively low, the reason being the high rate of unemployment, which force people to accept much lower pay.

Given an enabling environment, the construction industry can make a great impact on the CoK as well as on the national economy as a whole.

4.2. Methodology

A total of 22 construction firms registered in the city of Kigali were visited. Only 17 of these were found to be operational while the remaining 5 were closed and were non-operational.

A structured questionnaire was used to collect data from these firms. The enumerators visited the firms and held face-to-face interviews in order to complete the questionnaires. In some cases, the respondents themselves filled in the questionnaires.

The data was tabulated and subsequently analysed.

Table A.67: Category of construction firms in the CoK

Total no of firms visited	Local	Foreign	General constructors	Specialized constructors
17	17	0	12	5

Table A67 indicates that all 17 construction firms are local. Of these, 12 (70.6%) are general contractors and 5 (29.4%) are specialised contractors. This indicates a near monopoly for specialized contractors.

The average age of firms is 5 years, which categorizes them as young firms and that means most were started after the 1994 genocide war.

Table A.68: Types of market segments

Public Market Segment	Private Market Segment	Both Segments	Monopolists
3	7	7	0

Table A68 shows that the 17 firms serve 25% of the market. There is a proportionally large number of private market segments compared to the public market segment which is an indication of the role of these contractors in improving the buildings in the private sector.

Table A.69: Ownership of plots of land for business

Own Land	Hired Land	Average % of space occupied
4	13	25%

Thirteen firms (76,5%) use hired land and premises, while four (23,5%) use their own land and premises. This is a general constraint to these construction firms because hiring land in Kigali is costly and the space they occupy is normally large. The average space occupied by each firm on its own plot of land is 15%. This leaves 85% of the space for materials and machinery.

Table A.70: Employees working status

Category	No of Employees	% No. of employees
Part time	1435	81
Full time	344	19
Total	1779	100

Table A70 shows that 81% of employees are part-time employees and only 19% are full-time employees. This is because part-time employees provide cheap labour and are used only when there is a need. Construction contracts are not always available, being seasonal and as such one cannot afford to employ people on permanent terms. Whenever the firm secures a contract, it hires workers, and when the construction is over, they are laid off.

Table A.71: Employment by profession

Qualification	No. of employees	Percentage (%)
Professionals	58	6
Technicians	87	9
Managers	22	2
Clerks	31	3
Skilled labourers	235	23
Unskilled labourers	546	54
Others	26	3

Table A71 shows information on employee category. There are 54% unskilled labourers while the number of professionals is 6% only. This is because most of the work in construction requires manual labor and fewer professionals. Hence the labourers, whether skilled or unskilled, make up most of the employees followed by technician like plumbers, electricians, masons, etc. This makes the construction industry a key employer in the city of Kigali.

Table A72: Daily wages of part-time employees

Pay scale	Up to 1000	1001 - 2000	2001 - 3000	> 3000
No. of firms	4	10	-	3

Table A72 shows wages for part-time employees. Ten firms (59%) out of 17 pay a daily wage of 1001 to 2000 FRw, 4 (24%) pay them up to 1000 FRw and 3 (17%) pay above 3000 FRw. This wage is low compared to the cost of living in Kigali. Only a few firms pay more than 3,000 FRw per day.

Table A73: Monthly salaries of full-time employees

Salary	No. of employees	Percentage (%)
Up to 25,000	390	38
25,001 – 50,000	356	35
50,001 – 75,000	132	13
75,001 – 100,000	60	6
Above 100,000	90	8

The biggest percentage (38%) of full-time employees earn a salary of up to FRw 25,000 per month while 35% earn between 25,000 FRw and 50,000 FRw. Only 8% earn above 100,000 FRw. This indicates that the greater number of full time employees (73%) get a salary below 50,000 FRw. This confines these employees to poor standards of living.

However, the firms do not see any need to raise the wages and salaries because most of the workers are readily available due to high unemployment levels.

Table A74: Satisfaction with the CoK services

	No.	%
Very good	2	12
Good	10	59
Fair	4	23
Poor	-	-
Very poor	1	6

Table A74 shows that the majority of the firms (12 – 71%) are very satisfied with their location of business because of nearness to customers and raw materials. Only 6% are completely dissatisfied with the location of their firms.

Table A.75: Source of raw materials for construction

	Source location	% Of total raw materials
CoK	50	50
Rwanda outside CoK	37	37
COMESA locations	3	3
Other Regions	10	10

Fifty percent of the construction firms get their raw materials within the CoK and another 37% get their materials outside Kigali but within Rwanda. Only 3% of the raw materials are obtained from COMESA and other regions outside Rwanda. This means that about 87% of the raw materials are obtained locally thus saving foreign currency, which would otherwise be used to import raw materials. The 18% from outside the country is mainly in the form of chemicals, equipment and other materials not available in Rwanda.

Table A.76: Transportation of raw materials

Type of transport	Number	Percentage (%)
Small truck or van	15	68
Trailer truck	5	23
Rail transport	-	-
Air freight	2	9
Water transport	-	-

Most of the construction firms (68%) prefer to use small trucks in their transport, while 23% use trailer trucks and only 9% use airfreight. Smaller trucks are preferred because they are faster but when bulk materials are to be transported trailers are the most

appropriate. Airfreight is rarely used because it is expensive. It can only be used to airlift materials that are required urgently but which are not bulky.

Table A.77: Proportion of labour costs

% Range	Number of firms	Percentage
Up to 25%	5	29
26% to 50%	11	65
Above 50%	1	6

Only one firm (6 %) has labour costs exceeding 50% of total cost. Labour costs therefore rarely exceed 50% of costs, although they are very significant in the construction industry.

Table A78: Age of Construction firms

Years	Less 1 year	1 – 2 years	Between 2 and 4yrs	4>yrs<6yrs	More than 6
No of firms	-	2	2	5	8
Percentage	-	12	12	29	47

The majority of the firms are very old which is an indication that less investment has been made in the field of construction in recent years. More business people should be encouraged to invest in the construction industry.

4.3. Recommendations

1. The growth of the construction sector will in the medium term depend on the growth of the economy especially, as the demand for housing, office buildings and roads expand. The firms have been on increase ever since the end of the war but the rate is slow. Hence the CoK should facilitate the growth of both the public and private sector activities. This will create increased demand for construction firms.
2. The Government should strengthen activities of Rwanda Investment Promotion Agency (RIPA) by creating a more enabling environment for all investment activities especially in housing and real estate development.
3. Construction firms employ a good number of people in this city. This makes it necessary for the government to promote this sector by putting in place policies such as tax rebates and incentives.
4. The salaries and wages are too low and must be improved for better performance and consequently better results.
5. The construction materials although locally obtained are expensive for the firms. This can be looked into and adjusted favourably after analysing the source of these materials.

SECTION 5: INFORMATION TECHNOLOGY (IT)

5.1. Introduction

Information technology is one of the most recent spectacular developments in electronics, computers and telecommunications. There is no doubt that the communications and information infrastructure in Rwanda and the CoK has improved dramatically over the past few years.

More Internet connections, computers, software, local area networks and telecommunications facilities have been set up since 1995. The city of Kigali has two major Internet service providers (ISP) namely Kigali Institute of Science Technology and Management (KIST) and RWANDATEL.

The ICT (Information and Communication Technology) services in the CoK are adequate for the residents but people cannot afford to pay for private connections and accessories.

ICT is taking a new dimension as an infrastructure to be used for education and development. It therefore deserves priority because it is now the engine of all the other sectors of the economy.

5.2. Methodology

A total of 22 organizations, firms and institutions were interviewed with regard to the type of services offered, employees' qualifications, employees' salaries, location of firms and the assessment of these locations, ownership of the firms and their ages. Twenty-five firms were contacted, 22 of which responded. All are locally registered, and are found only in Kacyiru and Nyarugenge.

Secondary data was also collected from institutions, cybercafes, hotels, companies and Internet service providers in the CoK.

5.3. Findings

All the firms in this study are locally owned with 7 firms belonging to the government and 15 being privately owned. They offer a variety of services.

Sixteen out of 22 firms offer Internet and e-commerce services. Eleven offer secretarial services, 16 offer education services and 4 offer other IT services like software programming.

The IT sector is a professional field and as such there is a tendency of not hiring part-timers. Firms prefer to retain their professionals who in most cases are hard to come by because not many people are highly trained in the new field.

Firms have 101 (71%) full-time employees and 41 (29%) part time employees. The number is expected to increase in both categories in future.

Table A.79: Types of services offered by IT firms

Service Offered	% age of total firms
Internet and E- Commerce	62
Secretarial Services	48
Education Services	67
Other services	19

Table A.80: Location assessment of IT firms

	Number of the firms	%
Very good	6	27
Good	13	59
Fair	2	9
Poor	1	5
Very poor	0	0

One firm of IT was found to be in a poor location. The rest were satisfied with their present location. The location was categorical mainly in relation to the access to customers especially for educational institutions and private cybercafes.

Table A.81: Age of the firms

		1-2 Years	2-4 Years	4-6Years	More than 6 years	Total
Number of the firms	6	6	5	5	-	22
%	27	27	23	23	-	100

There is no IT firm which is more than 6 years old. Six out of 22 are less than 1 year old and another 6 are about 2 years old. Five firms are between 2 and 4 years, while 5 are between four (4) and six (6) years.

IT is a new phenomenon not only in Rwanda but in the rest of the world as well. In Kigali most of the IT organizations and firms were set up after the 1994 war and genocide.

Table A.82: Category of Employees in IT

Qualification	No. of Employees	Percentage
Professionals	60	42
Technicians	31	22
Managers	10	7
Clerical Workers	7	5
Skilled Labourers	10	7
Unskilled Labourers	20	14
Others	4	3
Total	142	100

Table A.83: Number of people trained in ICT for the past 2 years

	1999	2000	To be trained in 2001
KIST	800	1080	2000
KIE	-	50	300
ULK	-	367	367
Others	180	602	1993

Table A84: Categories of employees in IT firms

Category	No of Employees	% of Employees
Part-Time	41	29
Full-Time	101	71

Table A.85: Wages for IT personnel

Range	Up to 1000	1001-2000	2001-3000	3000
% age	25	30	20	25

Only 25% of the employees in IT firms are paid a wage exceeding 3,000 FRw per day. This is mainly for the professionals who in most cases receive high pay. The few unskilled labourers are paid lowly. Few professionals are part-timers

Only 36 (13%) of full-time employees earn above 100,000 FRw a month. This is for highly paid professionals (13%) while lower salaries are for technicians and support staff. The salary gap is very distinct because training is an important factor in remuneration.

Table A.86: Monthly salaries for employees (in FRw)

Salary	No. of Employees	% age
Up to 25,000	202	71
25,001 – 50,000	21	7
50,001 – 75,000	20	7
75,001 – 100,000	4	2
Above 100,000	36	13

5.4. Conclusions

Out of the eight Districts in the city Kigali, only two can boast of having benefited from IT, meaning this service is inaccessible to many. Only a few people offer the service because computers, software, networks and Internet connection are unaffordable to the majority of the city's inhabitants.

Due to the technological nature of the IT, this sector employs mainly professionals and some technicians yet most of these highly qualified people are not readily available.

In year 2001, in the city of Kigali, there is an increase in use of IT compared to last year.

5.5. Recommendations

1. Invest in IT training, especially the production of high caliber professionals and technicians.
2. Digitalize personal files, documents and holdings as a way of improving accessibility to public administration information for all citizens. This can help improve transparency for government procedures.
3. Encourage the government to work together with the CoK to promote IT application in the economy so as to improve efficiency, planning, trade and commerce.
4. Ease the licensing and regulations governing the establishment of IT and Internet providers in the City. This would enable a reduction in the rates charged and allow more people access to IT.
5. Consider the formation of a unit to monitor, develop and disseminate IT programs.

SECTION 6: AGRICULTURE

6.0. Introduction

Agriculture constitutes the largest sector of the Rwandan economy, employing 91% of the active population and contributed 40% of GDP in 1999. It provides the country's major export crops (tea and coffee) and earned US\$ 49 million in 1999. Agricultural production is predominantly based on small-scale holdings producing mainly for own consumption (80%) and little for the market (20%).

The sector is characterized by very low irrigation (0.3% in 1996), little use of mechanisation (1%), low fertilizer consumption (1%), and arable land per capita is 0.13 hectares.

Farmers produce mainly traditional food crops: bananas (37.6%), sweet potatoes (17.9%), cassava (14.2%), Irish potatoes (16.7%), pulses (4.0%), sorghum (2.7%), maize (1.1%).

Coffee production was 14,268 tonnes and production of tea was 14,875 tonnes during 1998. Tea, sugar cane and flowers are grown on large-scale production units.

Table A.87 : Food crop production nationally in year 2000

Crops	Tonnes	Percentage
Sorghum	155,106	2.7
Maize	62,502	1.1
Wheat	6,444	0.1
Rice	11,363	0.2
Beans	215,347	3.8
Peas	13,839	0.2
Ground nuts	15,341	0.3
Soya	7,034	0.1
Bananas	2,150,501	37.6
Irish potatoes	954,418	16.7
Sweet potatoes	1,025,573	17.9
Taro	88,235	1.5
Cassava	812,442	14.2
Vegetables & fruits	204,625	3.6
Total	5,722,770	100

Source: Rwanda Economic Development Indicators, 2000

Table A88 : Cultivated land area by crop in year 2000

Crops	Hectares	Percentage
Sorghum	174,195	11.5
Maize	89,053	5.9
Wheat	10,043	0.7
Rice	4,275	0.3
Beans	333,205	22.0
Peas	29,993	2.0
Ground nuts	13,463	0.9
Soya	29,543	2.0
Bananas	360,470	23.9
Irish potatoes	108,983	7.2
Sweet potatoes	174,663	11.6
Taro	21,320	1.4
Cassava	120,463	8.0
Vegetables & fruits	41,692	2.8
Total	1,511,361	100.0

Source: Rwanda Economic Development Indicators, 2000

6.1. Methodology

Primary data was collected using a guided questionnaire administered to farmers in Kigali City. Other information on the status of agriculture was collected from secondary sources such as government ministries and departments as well as interviews with relevant officials.

The survey used a sample of 146 farmers from two randomly selected secteurs in all districts of the city. This was a representative sample of farmers and their responses were used to study the nature of agriculture in the City, the kind of people involved, and the factors constraining the growth of the sector.

6.2. Agriculture in Kigali City

In the City of Kigali, the agricultural activities contribute to households' income, food and employment.

Agricultural activities are visible in all communes, especially in the swamps or lowlands. It is estimated that the sector provides employment to about 4.8% of the employed population in the city, of which 73% are women. The sector also provides an important source of food for the growing population.

It is therefore in the long-term interest of the CoK to understand and evaluate agriculture's contribution to the local economy, examine its nature and the kind of people involved, and the constraints to its further development. The CoK will ultimately have to decide on the legality of the activity in view of the fact that most cities prohibit agriculture

activity. The CoK will also need to decide on the future support or containment of the sector in view of demand for land by other sectors and environmental concerns of protecting wetlands.

6.3. Relief, climate and rainfall patterns in Kigali City

The city of Kigali is situated on a series of hills that have the characteristics of granite and quartz rocks covered with sandy, clay soils and red brown acidic soils. The valley of Nyabugogo presents a fertile belt of alluvial soils along the river.

The hilly slopes have undergone soil erosion for a long time, leaving them bare and less productive. The rivers that drain into the river Nyabugogo such as the Rwezangoro, Kibumba, Ruganwa, Rugenge, Rwampara and Mpazi have adjacent valleys along them that support agriculture in Kigali City.

Kigali enjoys a temperate equatorial climate characterised by mild temperatures ranging from 10 degrees for cold seasons to 30 degrees centigrade for hot seasons. The rainfall ranges from 677mm to 1346mm per annum, which is sufficient for the support of any agricultural activities.

6.4. Crop production and cultivated land area in Kigali City

The level of crop production and the cultivated land area could not be determined from the available national data on agriculture. The MINAGRI data centre compiles agricultural activities on the two crop seasons from all the communes (excluding Kigali City) and aggregates them to provincial and national level.

However, sample data collected during this study gives an indication of the kind of crops grown and the average acreage per farmer in Kigali City. Table 67 shows the distribution of crops grown in Kigali City. It is observed that the distribution or kind of crops are mainly food crops and are closely identical to the distribution at national level. The crops grown are bananas, sweet potatoes, cassava, beans, Irish potatoes, Soya beans and vegetables.

It appears that beans and sweet potatoes are grown with most frequency. However, typical of most Rwandan farmers, the respondents grew more than one crop (through double cropping or inter-cropping) making it difficult to estimate the actual proportion represented by each crop.

Table A.89 : Distribution of crops grown in Kigali City

Crop	Number	Percentage
Bananas	11	7.5
Sweet potatoes	88	60.3
Irish potatoes	17	11.6

Beans	93	63.7
Soya beans	31	21.2
Cassava	24	16.4
Sorghum	17	11.6
Maize	55	37.7
Vegetables	55	37.7

NB: The total numbers exceed 146 due to inter-cropping.

The survey found that the bigger proportion of the produce is consumed (63%) and the little that remains (37%) is sold to the market. The high proportion of production of the potatoes and beans emphasises the fact that these are staple foods.

All in all, this represents an improvement over the national statistic, hence farmers in Kigali offer more to the market than their counterparts in the countryside.

The average land acreage owned per household was established as 0.731 hectares and average cultivated land as 0.680 hectares. This can allow us to estimate the total cultivated land area for food crops in Kigali City as 3,554 hectares, given the population involved in agriculture. The average acreage for dairy farmers found especially on the outskirts of the city was 23.75 hectares.

The value of crops could not be established because of the absence of data even at national level and also owing to the high level of subsistence agriculture.

The survey also yielded results on animal farming. The results indicate that about 34% of those in agriculture kept some form of livestock as shown in Table A90 below.

The distribution of livestock among farmers is shown in Table A91. Most of the farmers keep goats (39%) followed by cattle at 27% (both local and exotic) and poultry (24%). There is apparent lack of census figures for the number of animals kept in Kigali City. The study, however, came across several well-stocked and well-organised dairy farms on the outskirts of the city. The problems of these farmers were the lack of water for the animals (many farmers ferry water by tanker to their farms), high cost of drugs, inadequate grazing land and low milk prices.

Table A90: Proportion of farmers with livestock in Kigali City

Category	Number	Percentage
Farmers with livestock	50	34.2
Farmers without livestock	96	65.8
Total	146	100

Table A.91 : Livestock distribution among animal farmers in Kigali City

Type of livestock	Number	Percentage
Cattle – exotic breed	6	13
Cattle – local breed	7	14
Goats	20	39
Poultry	12	24
Others	5	10
Total	50	100

6.5. People involved in agriculture

As reported above, it is estimated that about 5% of the active population are engaged in agricultural activities. This study endeavoured to determine the kind of people involved in this sector. The characteristics of participants in the sector can provide guidance on appropriate intervention policy.

It was confirmed from the survey results that the large majority of the farmers are women (61%) which confirms the traditional view that women look after the home as they engage in such small scale kind of agriculture and other petty trade while men prefer gainful formal employment or the tough strenuous jobs that are reserved for them.

Table A92: Farmers in Kigali City by Sex

Sex	Number	Percentage
Male farmers	57	39
Female farmers	89	61
Total:	146	100

Table A93: Farmer educational levels in Kigali City

Level of education	Number	Percentage
None	80	63.5
Primary school	24	19.0
Secondary school	22	17.5
Total:	126	100

There is a significant inverse relationship between the level of education and the percentage of people involved in agriculture. People have a low opinion of agriculture and regard it as an activity for those who have failed to get other forms of employment.

The findings indicate that there is a substantially small percentage of people who do farming as well as other forms of employment (31%), hence it serves mainly as a resort for those who are unemployed (68%).

Agriculture is a provider of self-employment to most farmers in Kigali and consequently a source of income. This has implications for planning for these kinds of people, in view of their near-dependence on agriculture and their lack of education or skills.

Table A94: Farmers with employment outside of agriculture in Kigali City

Category	Number	Percentage
Farmers with other employment activity	46	31.5
Farmers without other employment activity	100	68.5
Total	146	100.0

Table A.95: Type of outside employment to farmers in Kigali City

Nature of employment	Number	Percentage
Employment with government	6	13.0
Employment with private sector	7	15.2
Self employment	33	71.7
Total	46	100

6.6. Agricultural practices in Kigali City

The study shows that a significant number of agriculturists engage in some improvement practices, but these were limited to low-level irrigation, crop rotation, improved seeds and terracing.

Fifty one percent of the respondents claimed to practice modern farming, while 49% were unable to make the claim. In close conformity to the national picture, there are observably low levels of recognised agricultural improvement: continued use of hoes on small pieces of land, low fertiliser use on clearly depleted soils and low yields.

Table A.96 : Agricultural improvement practices in Kigali City

Type of practice:	Number	Percentage
Irrigation	50	66.7
Crop rotation	48	64.0
Terracing	23	30.7
Improved seeds	33	44.0
Artificial insemination	5	6.7
Use of fertilisers	31	43.2

Given the smallness in size and the nature of land used for agriculture in Kigali City, it is better to aim at making it more productive by using improved methods of farming.

6.6. Land ownership and tenure system

The land available for agricultural activities in Kigali City is located in the swamps and lowlands. Technically, all land belongs to government and the swamp-users seek permission from the local government (sector administration) who somehow keep a list of the users.

A section of the farmers have some form of land titles or local administration approval (54.2%), while a significant proportion (45.9%) either had no proof of ownership or were using other peoples' land.

Table A97: Distribution of types of land ownership in Kigali City

Type of ownership	Number	Percentage
Owner with land title	43	29.5
Owner with city approval document	36	24.7
Owner without any document	15	10.3
Hired/borrowed land	52	35.6
Others	0	0
Total	146	100

It is evident that without proper and secure ownership, land users are less likely to commit significant investment in the land. In addition, they cannot make use of the land as collateral to obtain credit. This has forced farmers to concentrate on the production of those crops that do not require much time, expertise and resources such as beans and sweet potatoes.

6.7. Constraints to agricultural development

The agricultural sector in Kigali City typically lacks extension services and support from both the local and central government. The general perception is that agriculture is a rural domain and other 'urban' activities such as manufacturing factories and housing estates will ultimately make use of the available land.

Table A78 below shows the ranking of problems constraining agriculture growth among Kigali crop farmers.

Table A.98: Major constraints to agricultural growth in Kigali City

Problem:	Number	Percentage
Access to inputs	91	62.3
Inadequate farmland	78	53.4
Land tenure system	75	51.4
Limited knowledge of farm methods	50	34.2
Low producer prices/marketing	33	22.6
Others	27	18.5

The farmers are therefore constrained largely by the lack of access to affordable inputs including credit as well as lack of farming skills. They also reported the problems of inadequate farmland, insecure land tenure, low producer prices, theft and flooding (from rainwater runoff and river overflow).

In view of these constraints, the farmers in the survey were of the opinion that the CoK and government should intervene and solve land issues, credit issues and access to low-cost inputs, in that order. Table A79 below shows the ranking of required policy intervention as perceived by farmers in Kigali City.

Table A.99: Ranking of intervention policies by farmers in Kigali City

Policy	Number	Percentage
Land issues	115	78.8
Credit issues	101	69.2
Inputs	89	61.0
Training/skills	70	47.9
Prices/marketing	38	26.0
Others	28	19.2

6.9. Contribution of agriculture to the local economy of the CoK

6.9.1. Food supply

The farmers in the city produce mainly traditional food crops, which they either use for own consumption needs or sell to the market. As reported above, the households consume a large proportion of the produce (63%), leaving about 37% for the market. The number of households in the city engaged in agricultural activities is estimated to be 5% (Enquete Socio-economique, 2000).

We assume that agricultural households' food needs are satisfied by their own production implying that 5% of the city households are supplied with food. Given the households size in Kigali of 5 persons, the food needs of 25% of the City's population are produced within its boundaries. The portion of produce sold to the market (assume it is sold within the city because of higher prices) constitutes additional food supply.

This may appear to be a high estimate but can be justified by the closeness of production to the market and the fact that farmers up-country are largely at subsistence level and offer only about 20% to the market.

6.9.2. Employment

The agricultural sector in the city provides employment to about 5% of the households with the bigger proportion (73%) being women. This is confirmed by the sample survey, which does not only find women predominant, but establishes that farmers depend mostly on agricultural activity.

The revelation that most farmers are not educated and therefore with minimal skills also implies dependence of a significant section of the active population on agriculture.

6.10. The suitability of Kigali City as a location for agriculture

Kigali City has the natural advantage of having ample rainfall and under-utilized land, especially in the swamps and lowlands. It also benefits from an above-average income population, which constitutes an immediate market for food.

The city of Kigali has advantages as a location for export-oriented agriculture. It is centrally located within the country and at crossroads leading to neighbouring cities. The location of Kanombe International airport also provides the city with advantages over other locations in the country.

However, apart from selected produce like passion fruit and sweet bananas (which are currently exported to Belgium and Switzerland), the scope for the export of other horticultural crops remains limited. This is largely due to the lack of sufficient

infrastructure (like refrigeration) and the competitiveness of produce from Kenya and Uganda.

Among the highlighted disadvantages of Kigali City being an ideal location for future development of agriculture is its hilly terrain, which inhibits any scope for railways which would provide cheap and competitive for bulk produce.

6.11. Conclusions

It is clear that there is a very significant contribution of urban agriculture to the economy of CoK in terms of employment, income, and food supply to the city residents and to the agricultural households themselves.

Urban agriculture is also adopted as a survival strategy of middle and low-income households in Kigali City due to the ever-growing harsh economic conditions prevalent for city dwellers. It is for this reason that a new approach on the part of the policy-makers and those that provide some direct services.

Since this seems to be an activity common to those who are poor, an appropriate policy to support it would also be aiming at alleviating poverty. The farmers face quite a lot of problems such as lack of access to inputs, lack of land, very low and unstable market prices, lack of credit and absence of an economic policy to address these problems.

There is a unique constraint on urban agriculture, particularly with regard to competition for land resources with other urban demands for land.

6.12. Recommendations and strategies for agriculture in Kigali City

1. Determine the legality of agricultural activities in the city. Given the present silent-to-positive official attitude, where there are limited restrictions on agricultural activities on public land, we may assume no future legal impediments. This can allow us to postulate strategies for the development of the sector.
2. Resolve land issues (by availing more farmland and secure tenure), credit issues (availability and cost), low cost inputs and training/extension services.
3. Apply strategies to move farming from subsistence to a market-based enterprise. Strategies include:
 - Promote land tenure security, improve land use, and encourage land markets.
 - Develop private sector-led markets for inputs and products.
 - Improve soil conservation and management.
 - Improve farming methods through research.
 - Diversification.
4. Acknowledge the CoK as a location for agriculture in respect of MINAGRI efforts.
5. Lay stronger emphasis on land issues, put in place methods that increase land productivity and also appreciate agricultural activities as one of the survival strategies of poor people within its boundaries.

SECTION 7: GOVERNMENT AND INSTITUTIONAL ACTIVITIES

7.1. Introduction

The activities of government and its institutions contribute to the local economy of mainly through the provision of employment of a section of the active population. Depending on the level of income earned by the employees in this sector, the economy gains through the availability of a market for goods and services.

7.2. Methodology

All data was collected from secondary sources. These include government ministries and departments, Caisse Sociale du Rwanda (Social Security Organization) and published documents.

7.3. Employment in the city of Kigali

It is estimated that the population of the city of Kigali is about 604,966 persons with 131,106 households (enquête socio-économique, 2000). Among the active population (aged 10 years and above), about 50% are employed, 30% are students, 11% are housewives, and 5% are unemployed.

Table A.100: Distribution of active population in the city of Kigali by employment.

Category	Percentage
Employed	50
Students	30
Housewives	11
Unemployed	5
Retired	1
Others	4
Total:	100

Source: Enquête socio-économique, 2000

Among the employed population in the city of Kigali, about 13% are government employees, 8% are in commercial activities and 14% are in the formal private sector.

Table A.101: Distribution of employed population in the city of Kigali by sector

Category	Percentage
Informal private sector	23
Formal private sector	14
Government sector	13
Commercial sector	8
Agricultural sector	5
Others	37
Total	100

Source: Enquête socio-économique, 2000

7.4. Employment by government in the city of Kigali

The total number of employees in the government ministries was 8246 at the close of September 2000.

Table A.102: Government employees by ministries

Ministry	Number of employees
ANT	78
COUR SUP	74
MIFOTRA	135
MIGEPROF	51
MIJESPOC	229
MINAFFET	70
MINAGRI	704
MINALOC	555
MINECOFIN	175
MINEDUC	218
MINERENA	132
MINICOM	92
MINIJUST	1807
MININTER	191
MINISANTE	3267
MINITERE	97
MINITRACO	147
PRESIREP	39
PRIMATURE	185
Total	8246

Table A103 shows that the number of employees within the boundaries of the city of Kigali in government, institutional and formal private sector employment was 4,556 with social services taking the bigger share of 2,889 (63 %).

Table A.103: Employees in the city of Kigali by sector

Sector	No. Of employees	Percentage
Agriculture	19	0.4
Extractive industries	0	0
Manufacturing industries	382	8.4
Electricity, gas and water	144	3.2
Public works & construction	345	7.6
Commerce (wholesale, restuarants and hotels)	585	12.8

Transport, warehouses and communications	67	1.5
Banks, insurance companies, etc	125	2.7
Social services, community services	2889	63.4
Total :	4556	100.0

Source : Caisse Sociale

Table A104: Employees in the city of Kigali by employer category

Employer	No. of employees	Percentage
Central administration	1,319	29.0
Local administration	35	0.8
Public establishments	263	5.8
Airports	12	0.3
Government projects	31	0.7
Mixed sector	57	1.3
Private sector	2,839	62.3
Total	4,556	100.0

Source : Caisse Sociale

Table A103 shows that the majority of employees are involved in services. However, the government and its related institutions employ 1,660 (36.4%) of the total employees while the private sector employs 2,839 (62.3 %) as shown in Table A104.

7.5. Trend of employment by government in the city of Kigali

Total formal employment has been increasing nationally (except for 1999) during the last five years. The total employment level of the year 2000 (21,788) was 70% above the year 1996 level. It is observed that the employment by the private sector has shrunk during the last 3 years from 10,626 to 6,297 (41%), while public sector employment increased over the same period by 81% (8,518 to 15,391).

Table A.105: Trend of formal employment in Rwanda

Year	Public sector	Mixed sector	Private sector	Total
1995	1,720	380	5,933	8,033
1996	4,263	704	7,886	12,853
1997	8,776	1,030	8,434	18,240
1998	8,518	455	10,626	19,599
1999	8,012	245	8,029	16,286
2000	15,391	100	6,297	21,788

Source : Caisse Sociale

Table A106 shows the trend of total formal employment in the city of Kigali and by sectors. It is clear that total employment has been growing during the last five years except between 1999 and 2000, when it fell. Still, the level of total formal employment grew by 119% between 1996 and 2000.

The trend shows unsteady growth during 1996-1999 in most of the sectors. The immediate period 1999-2000 shows a marked decrease in formal employment in the city in most of the sectors and has resulted into an overall decrease of 20%.

Table A.106: Trend of total formal employment by sector in the city of Kigali

Sector	1996	1997	1998	1999	2000
Agriculture	28	51	93	13	19
Extractive industries	5	1	19	12	-
Manufacturing industries	327	502	320	495	382
Electricity, gas and water	45	82	71	57	144
Public transport	102	125	351	836	345
Commerce, restaurants & hotels	187	271	416	591	585
Transport and communication	102	84	56	131	67
Banks, insurance companies	139	183	67	171	125
Social services	1,128	1,442	2,463	3,359	2,889
Total employees	2,063	2,741	3,856	5,665	4,556

Source : Caisse Sociale

7.6. Remuneration of formal employees in the city of Kigali

The level of remuneration may be used as the basic indicator of the welfare, and hence standards of living, of a given section of the population. It also has direct implications for the market for goods and services in the city.

Table A 107 shows that 63% of the employees earn a monthly salary of less than 100,000 FRw, 25% earn between 100,000 and 300,000 FRw while only 12% earn over 300,000 FRw.

The average salary is favourable when compared to the GNP per capita of US\$ 260. However, it remains low, and given the size of the formal sector employment (13% of total employed population in Kigali City), it is insufficient to form a driving market for consumer goods industries.

Table A.107: Monthly remuneration of formal employees in the city of Kigali

Category	No. of employees	Percentage
300,001 and above	3,675	12.2
250,001-250,000	860	2.9
200,001-250,000	1,339	4.4
150,001-200,000	1,971	6.5
100,001-150,000	3,331	11.0
50,001-100,000	13,525	44.8
Under 50,000	5,518	18.3
Total	30,214	100.0

Source : Caisse Sociale

Table A108 shows that 79.8% of households in the city of Kigali spend under 100,000 FRw monthly, while only 20.2% spent above 100,000 FRw. This, and the above result on formal employee remuneration, point to the limitations of industrial or other investment based on the market in the city of Kigali alone.

Table A.108: Monthly expenditure by households in the city of Kigali

Monthly expenditure	Percentage of households
250,001 and above	4.2
150,001-250,000	6.6
100,001-150,000	9.5
50,001-100,000	30.3
Under 50,000	49.5
Total	100.0

Source: Enquete socio-economique, 2000

7.7. Conclusions and recommendations

1. Though employment by government and its institutions is a small proportion of total employment in the city of Kigali, it nevertheless represents a significant base for taxation and as a market. The overall income of this category of employees (besides private sector and NGO employees) is generally higher compared to the national per capita GNP.
2. The trend of formal employment both at national and CoK level for the last five years shows positive, if not consistent, growth. Formal employment in CoK more than doubled between 1996 and 2000, which is a satisfactory rate (albeit from a small base) when compared to the population growth rate.

3. The City of Kigali, being the capital, is the natural home for most government ministries and departments. The City also attracts a major share of private investment and other employment-generating activities. It is, therefore, incumbent on the CoK to strive to provide the services that justify it as a centre of government activities and private investment. These include, and are not limited to, infrastructure development and maintenance (roads, water, electricity and telephones) as well as appropriate policies enabling the development of office/residential buildings. The availability of serviced land for industrial and other investments should also be given due attention.
4. The CoK will need to monitor the changes in both government and private sector employment and conditions since they all impact on its economy in terms of tax base and as a market for products from other economic sectors. The CoK will need to understand the causes of any such changes and, where necessary, intervene either directly or indirectly through contacts with the relevant institutions.

PART B

EVALUATION OF INFORMAL WORK SECTOR

SECTION 1: EVALUATION OF THE INFORMAL SECTOR

The specific objective of this section is to find or suggest ways of improving the conditions of the informal sector in Kigali. In this part we conferred with organisations that represents women, the urban poor households, and small-scale business enterprises to identify critical issues limiting their contributions to the local economy. The following three areas of interests were dealt with:

1. Enhancing women's capacity to participate in the local economy

The study assesses women's roles in the local economy and identifies approaches to:

- Eliminating discriminatory legal provisions and institutional practices
- Improving water supply, and health care
- Reducing constraints to labour participation
- Raising access to education, building entrepreneurial capacity and other skills
- Strengthening women's organisations to represent women's interests
- Ensuring participation in decision- making structures at all levels
- Changing perceptions of women roles in the society

Target groups:

- a) Women's Associations such as AFER;
- b) Organisations representing women;
- c) Officials of the Ministry of Gender and Women in development;
- d) Women in the community;

2. Enhancing the capacity of small and micro - business in contributing to the national economy

The study assesses the role of small -scale businesses in the economy and how they can increase their capacity to contribute to the national economy. The study analyses:

- Characteristics and organisations of small-scale business in City of Kigali;
- The market situation;
- Licensing and tax requirements;
- Mini-financing;

Target groups:

Workers in the fields of:

- Textiles
- Terracotta/clay products
- Construction
- Tools and tool-making
- Leatherwork
- Wood
- Electrical fields
- Metal
- Handicrafts
- Recycled goods
- Simple machines
- Gardening
- Sawmills
- Transport
- Mechanics
- Office services
- Packaging
- Soap- making
- Bicycle repairs
- False limbs
- Art and culture
- Cleaning
- Maintenance
- Catering
- Tailoring
- Hairdressing
- Engineering
- Cobbling
- Basket- making
- Synthetic produce
- Animal by-products
- Wood by-products
- Plumbing
- Electronics
- Training
- Photography
- Recreation
- Entertainment
- Hides and Skin
- Resale
- Appropriate technology

- Intermediate technology
- Publishing
- Minerals
- Chemical production

3. Other small -scale poverty - reduction activities

The study addresses the following:

- Empowering the poor/ protecting human and legal rights
- Increasing access to social services by the poor
- Food for work construction of needed infrastructure

Target groups :

- Individual households in the community
- Institutions offering social services (schools, hospitals)
- Non-government organisations in poverty alleviation
- Ministries /government departments involved in poverty reduction issues.

RESEARCH METHODOLOGY

Area of the study

The research was conducted in all the districts that make up the CoK. In each of the districts, two to three sectors were selected based on the characteristics of the area, i.e. a typically rural secteur and a typically urban one.

Sample

Since the population of small businesspeople, number of women and their associations and even the number of households were unknown in the communities/districts, the study decided to use the infinite population formula, estimated to represent 60 of the actual population.

At district level, leaders were interviewed because they are knowledgeable about the situation in the area and are also affected by poverty, and because they were involved in mobilising and making appointments with people in the district for interviews on specific days. The leaders assisted in identifying associations, small businesses and households to be interviewed.

The sample unit therefore was as follows:

- Locatable women's associations;
- Locatable small-business people including "Batembezi" (hawkers);
- Locatable households (both female and male -headed households);
- Local government officials in the district/sectors;

Data collection

Two types of data were collected: secondary and primary.

Secondary data

Secondary data was collected from a review of various reports, documents, policies and literature from different institutions i.e. CoK, Ministry of Gender and Women in Development, Ministry of Finance and Economic Planning, Ministry of Trade, Tourism and Industry, banks which give loans to women and small business, various NGOs, associations of private secteur, districts and secteur monthly and annual reports, etc.

Primary data

Primary data was collected through several means:

- Discussion with officials from relevant institutions, i.e. CoK, Ministry of Gender and Women in Development, Ministry of Trade, Tourism and Industry, Ministry of Finance and Economic planning, banks, various small business owners, various NGOs, associations of private sector; district and secteur officials.
- Group discussions: The secteur officials invited the data collectors to the headquarters. Guided with structured questionnaires, the data collectors met the community members, small - scale businesspeople (including Batembezi), women heads of household and women association members where they engaged them in discussions. Group discussion helped to gain in depth information and to enable the people to discuss the relevant problems among themselves and with the data collectors.

Personal interviewing: Guided by structured questionnaires, interviews were held with individual heads of households. The district and secteur leaders took the data collectors around to the heads of household of the categories targeted in the research.

Data analysis

Data analysis was done by qualitative and quantitative techniques. Tables and graphs were used to analyse and present the data.

SECTION 1 : ENHANCING WOMEN'S CAPACITY TO PARTICIPATE IN THE LOCAL ECONOMY IN CoK

1.0 INTRODUCTION

Rwanda is a country that is emerging from one of the most traumatic experiences in modern history. The 1994 genocide affected the country's social fabric as well as its economic system. It is against this background that the CoK attaches great importance to the design of policies and programmes aimed at transforming and rebuilding the CoK into a prosperous, sustainable and equitable city. The CoK is committed to the goal of ensuring that all citizens, men and women, will be able to fully contribute and benefit from the city development process. This approach underlies the CoK long-term development/Master plan.

To realize the various strategic development objectives, the CoK has identified its major priorities as poverty reduction, promotion of unity and reconciliation, human rights, human resource development, decentralisation and democratisation. Given this development context, and the cross cutting nature of gender, a national gender policy will be necessary to complement other sector policies in facilitating the realization of the national development objectives. Because gender is a cross-cutting issue, the government expects all state organs, development actors and the general public to participate in the implementation of this gender policy and help achieve the policy objectives through the two broad strategies.

The first is to mainstream gender equality objectives in all sectors of development and at all levels. The second is to promote women's empowerment through affirmative action programmes, capacity-building, and access to resources.

1.1 The Current National Gender Policy

Women, who constitute between 54% and 60% of the population and labour force, respectively, continue to face substantial constraints on their participation in the economy and society. They receive relatively poor rewards from economic activities due to discriminatory laws and practices that limit their access to education and training, formal employment, land, and credit.

The Government has in particular identified its programme objectives for the development of women in informal sector aimed at:

- Eliminating discriminatory legal provisions and institutional practice;
- Improving water supply, health care, and home energy supply to reduce constraint on women's participation in the labour market;
- Raising access to formal and informal education including training to build entrepreneurial capacity, and adult education and training programs for women in rural area i.e. entrepreneurial capacity and other skills;
- Strengthening women's organisation at national and grassroots levels to take a leading role in educating women and defending their rights;

- Ensuring the participation of women in decision-making structure at all levels
- Changing perception of women's role in society through education and training.

Effective participation by women in the design of these programmes will give greater assurance that the long-term interests of women are protected.

The general objectives of the programme are:

- To enhance and support a gender-responsive environment for national efforts intended to eradicate poverty through the equal participation of women and men, as well as boys and girls in the national development process;
- To provide guidelines for gender-responsive policy formulation, development planning and programme implementation for all key actors in national development, as a way of ensuring that gender considerations are integrated into all aspects of government and non - government development work;
- To provide guidelines for women's empowerment and advancement programmes as a basis for achieving gender equality;
- To provide an advocacy tool for promoting gender equality and equity principles, attitudes and practices within government and government institutions;
- To advocate for effective use of gender analysis and sex-desegregated data in the planning and implementation of development programmes;
- To provide guidelines for defining and establishing gender management systems and institutional arrangements that will facilitate the promotion of systematic and coordinated women's advancement and gender equality programme management.

This study analyses the following key critical areas:

- Poverty reduction and economic development;
- Human rights and violence;
- Women in decision-making;
- Education and professional training;
- Health and HIV/AIDS;
- The media;
- Information and communication technology;
- The girl and boy child.

1.2 THE ROLE OF WOMEN IN LOCAL ECONOMIC DEVELOPMENT

1.2.1 REPRODUCTIVE ROLE OF WOMEN

1.2.1.1 PROBLEMS FACED BY WOMEN IN RAISING THE FAMILY

As evidenced in Table B1, lack of food is a very serious problem in Kacyiru, Kanombe, Butamwa and Gisozi, while in Nyarugenge it is not a serious problem. Lack of health

facilities is a serious problem in Kicukiro and Gisozi. Lack of school fees is also a very serious problem in Kacyiru, Kicukiro, Kanombe and Gisozi, and disease is a very serious problem in Kicukiro. Ignorance is a serious problem in Kicukiro, Kanombe, Butamwa and Gisozi. Other problems such as unemployment, lack of funds, lack of land, drug addiction, etc are problems in every district.

Table B-1 Problems Faced By Women In Raising The Family

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Lack of Food	3	1	2	2	1	1	1	1
Lack of health facilities	3	3	1	2	2	2	2	1
Lack of school Fees	2	1	1	3	1	1	2	1
Lack of Clothes	3	2	2	2	2	2	2	2
Lack of shelter	3	2	2	2	3	2	3	3
Disease	2	3	1	3	3	2	2	2
Ignorance	2	2	1	2	1	1	2	1
Other problems	2	1	1	2	2	1	2	2

Note:

1-Very Serious,

2-Serious,

3-Not Serious

1.2.1.2 STRATEGIES TO MINIMIZE THE ABOVE PROBLEMS

Table B 2 represents detailed analysis of the activities done at community level by the women in the eight communes of CoK. On district-wise comparison, it is found that most of the women from Nyamirambo are running small businesses but they complain that the street vendors who do not pay taxes are able to do better business than them. Most women in Butamwa district cultivate small lands. However none of the women commented on getting a loan from the credit society, which should be encouraged.

Table B 2 Strategies to minimize the above problems (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Doing Small Business	33	33	20	80	80	-	100	32
Cultivate small lands	-	-	67	-	-	100	-	37
Got a loan from a credit society	-	-	-	-	-	-	-	-
Joined associations	-	17	-	10	-	-	-	22
None	67	50	13	10	20	-	-	9

1.2.1.3 WOMEN'S INVOLVEMENT AT COMMUNITY LEVEL

Table B.3 shows that an average of 57% of the women work as cleaners, helpers, house-girls, etc. and a 60% of women from Gikondo district work in maintaining roads. There are no incentives given to them towards work performed at the district level.

Table B-3 Kinds of Activities done by Women at district level (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Maintaining roads	-	-	20	60	-	-	-	5
Digging wells	-	-	-	10	-	-	-	5
Construction of schools/houses	-	-	-	-	-	-	-	26
Cleaning	33	50	60	30	80	100	50	59
Others	67	-	20	-	20	-	50	5

1.3 ELIMINATING DISCRIMINATORY LEGAL PROVISIONS AND INSTITUTIONAL PRACTICE

The fact that Rwandan women are getting discriminated in the country calls for analytical examination of causes, consequences, against remedies for such a situation which is seen to be contrary to democracy.

The Constitution stipulates the fundamental rights and freedoms of every Rwandan citizen. These include the rights to:

- Life;
- Liberty;
- security of person and property;
- fair trial;
- freedom of conscience;
- freedom of association and assembly;
- freedom from inhuman treatment;
- freedom from slavery;
- freedom from being treated in any discriminatory manner

In addition, government has ratified several conventions that guarantee the empowerment of women for a more gender-equal society.

The situation of women in Rwanda is aggravated by the complexities associated with marriage laws. African customary law, for example, recognizes initiation and puberty as acceptable requirements for marriage. It does not require issuance of a certificate for validation of this marriage. Such loopholes in the law subject many girls to early or forced marriages, which curtail their opportunities to advance in their education. In addition, the most basic human right of choice and self-determination is denied.

Gender based violence is still a serious problem in Rwanda and manifests itself in many ways: psychological, physical, verbal and economic. Cases of rape, assault and defilement are on the increase with the age of the victims getting lower over the years. Most acts of violence against women take place in the home, which sometimes makes it difficult for law -enforcement personnel to intervene. Although there has been no research done in Rwanda, sexual harassment at work can be a major tool of oppression and discrimination against women.

Another factor that is of concern is the aftermath of the violence perpetrated against women during the 1994 genocide. Many women today bear the physical, psychological and social consequences of this violence. The social services system has proved inadequate and ill equipped to deal with the problems of women who were subjected to the violence.

1.3.1 LEGAL DISCRIMINATION AGAINST WOMEN - THE FAMILY LEVEL

Table B 4 shows some of the roles, that girls and their mothers are taught and socialized to accept. Most of the women in the CoK are doing this work, in spite of the fact that they are staying in urban areas.

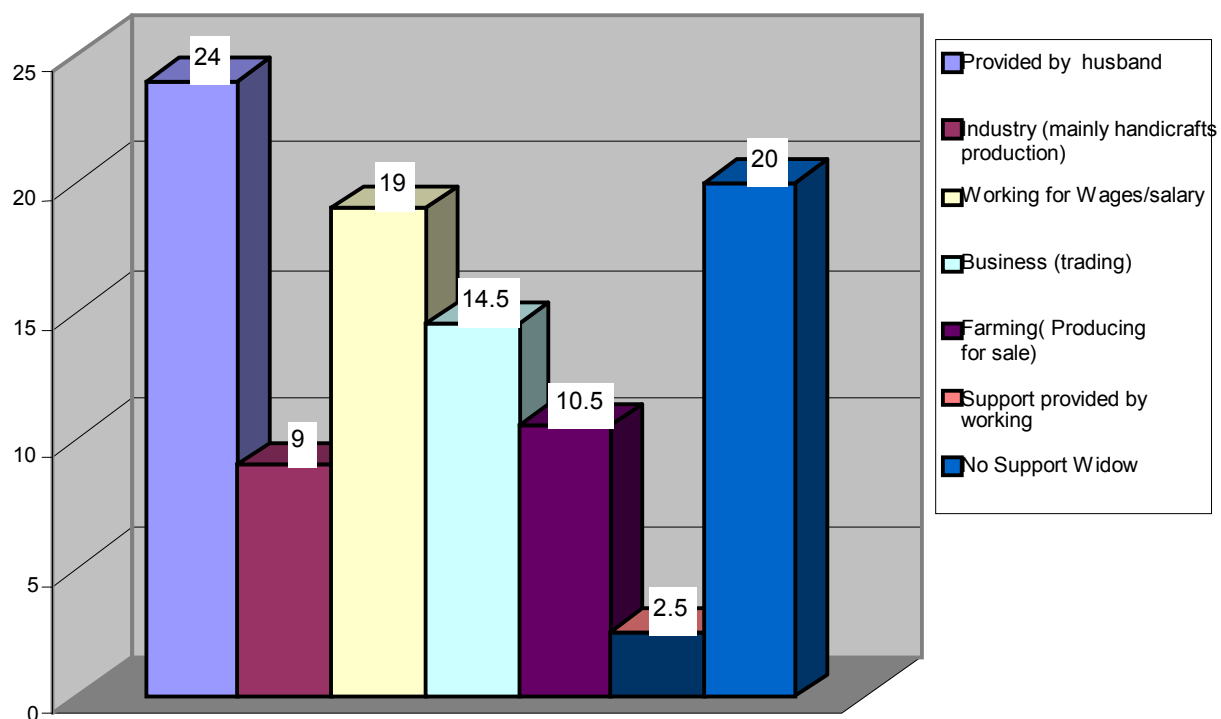
Table B-4 Main Person Responsible for Household and Farm Work –Women and Girls:

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Cultivating	x	√	√	√	√	√	x	√
Cooking	√	√	√	√	√	√	√	√
Sweeping	√	√	√	√	√	√	√	√
Washing Cloths	√	√	√	√	√	√	√	√
Fetching Water	x	√	√	√	√	√	√	√
Collecting Firewood	√	√	√	√	√	√	√	√
Looking after infants	√	√	√	√	√	√	√	√

1.3.1.1 MEANS OF LIVELIHOOD FOR WOMEN

Figure B1 shows the means of livelihood of women in the CoK. In Kigali 24% of women are dependent on their husbands, 19% of women are working for salary/wages (these women are working mostly in the lower cadre jobs), 14.5% of the women are engaged in trading business (which consists of consumer goods like detergents, clothes etc), 9% depend on industry like art and craft, 10.5% are engaged in Agriculture. A very small percentage (2.5)% are dependent on financial support from their children and 20% have no support as they are widows. In general, husbands mainly determine the women's livelihood. However, there is evidence of women's increasing participation in their own income-generating activities. This in future is bound to reduce women's dependence on their spouse's income and serve as a basis for struggle towards the attainment of social liberation and economic independence.

Figure B.1 Means of Livelihood for women



1.3.1.2 LEGAL DISCRIMINATION AGAINST WOMEN - IN THE WORK PLACE

Table B 5 shows the discrimination faced by women at the work place. Women say they are not satisfied with the salary and are not given good positions as compared to men. Women are paid lower wages than men; some women say that they have no problems as the laws have been revised.

Table B.5 Discrimination faced by women in the workplace (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Yes	-	-	-	10	20	-	-	5
No	67	83	100	70	80	72	100	91
No Response	33	17	-	20	-	28	-	5

1.3.1.4 LEGAL DISCRIMINATION AGAINST WOMEN - AT THE NATIONAL LEVEL

1.3.1.5 LAWS WHICH DISCRIMINATE WOMEN

Table B-6 shows that a very low percentage of women agree that the laws/legislations regarding the terms of ownership of property discriminates against them. Women in Kacyiru, Kanombe and Gisozi districts consider inheritance to be the main source of discrimination against them, while women from Gikondo said that they had lost access to land after the war. The women receive relatively poor rewards from economic activities due to discriminatory laws and practices that limit their access to education and training, formal employment, land and credit.

Table B-6 Laws which discriminate against women (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Inheritance	-	17	-	-	10	-	-	5
Cultural/ Traditional laws	-	-	-	-	-	-	-	-
Marriage laws	-	-	-	-	10	-	-	-
Religion laws	-	-	-	-	-	-	-	-
Others	-	-	-	10	-	-	-	-
No Response	100	84	100	90	80	100	100	95

1.3.1.6 WAYS IN WHICH WOMEN ARE OPPRESSED

Women in Kacyiru, Kanombe and Gisozi complained that they are not allowed to inherit land/ family property, while 10% of women from Kanombe complained that they are not allowed to share the property after divorce. The women from Gikondo district said that they are not allowed to own land and not allowed to participate in decision-making about family resources. The refusal by many women to respond to question in B6 and B7 may indicate a reluctance to discuss issues of discrimination and oppression, which may itself be indicative of a deeper level of oppression.

Table B-7 Ways in which women are oppressed (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Not allowed to inherit land/family property	-	17	-	-	10	-	-	5
Not allowed to share property after divorce	-	-	-	-	10	-	-	-
Not allowed to participate in decision-making about family resources	-	-	-	-	10	-	-	-
Regarded as subordinate to man	-	-	-	-	-	-	-	-
Others (Specify)	-	-	-	20	-	-	-	-
No Response	100	83	100	80	70	100	100	95

1.4 IMPROVING WATER SUPPLY, HEALTH CARE AND ENERGY

Water Supply and Good health are a prerequisite for effective socio-economic development. The government is therefore committed to the provision of water and good health services and facilities across the country. The water and health care delivery system in Rwanda has been guided by the principle of providing water and health services within easy reach of all the people in Rwanda and placing emphasis on preventive and rehabilitative services without ignoring curative services.

The CoK realise that the high population growth rate has exerted great pressure on the service sectors like education, health care, transportation, employment opportunities and social amenities such as water, electricity, home energy supply and communication facilities. The rapid population growth rate has in addition resulted in a highly dependent and youthful population. The policies that the government has pursued over the years have had a positive impact on improving the water and health status of men, women and children.

Despite these improvements in water facilities and home energy supply, significant disparities still exist, especially in relation to women's reproductive health requirements and their inadequate access to health facilities and services. Since women constitute more than half of the population, their gender specific health and reproductive needs cannot be ignored, if equitable development and provision of services is to be achieved.

Traditional marriage practices, combined with the process of rapid social change have brought about a significant increase in the rate of adolescent fertility. It is also well known that adolescent mothers are more likely to experience complications during pregnancy, yet the reproductive health needs of adolescent girls have not been adequately addressed. Adolescent girls are more vulnerable than boys to sexual abuse, violence and prostitution. Knowledge of modern methods of contraception has increased over the years. However, there has been no research to establish what percentage of sexually active unmarried women use any method of family planning.

Another health factor of concern is the inadequate food intake by mothers during pregnancy, combined with heavy manual work. These have implications for maternal health status currently standing at a maternal mortality rate of 810 per 100,000 births. The nutritional status of the female child is affected by food allocation practices in some communities that favour a male child and customs that bar women and girls from eating certain highly nutritious foods.

Today, the HIV/AIDS pandemic poses the biggest health challenge in Rwanda. A rapid increase in HIV positive cases is being recorded. Although both men and women are affected, women are at a greater risk than men due to illiteracy, cultural emphasis on reproduction, economic deprivation, and women's powerlessness and biological factors that make them more susceptible to heterosexual transmission. In addition, women carry a greater burden than men because they are the family care-givers. The situation is much worse when the woman is infected and has an HIV positive infant. There is a need to ensure that the national AIDS commission has an effective strategy that addresses the gender-related issues of HIV/AIDS. A multi-sectoral approach will have to be initiated and sustained.

The crucial role of women as providers and promoters of family and community health has been well acknowledged in various government documents. Women actively participate in, and often manage, several activities that affect the health and wellbeing of their families. Women constitute a major labor force in the agricultural sector, thus they occupy an important position in the provision of food security and adequate nutrition.

Lack of fully segregated data especially on out patient morbidity and on access to health services has undermined targeted delivery of services. The health status of women from birth, adolescence to adulthood and especially in pregnancy and motherhood is of particular relevance to the health status of the country's future generations.

1.4.1 PERCENTAGE OF POPULATION USING ELECTRIC POWER

Table B-8 shows the percentage of households using electricity in each district. Some of the women from Kicukiro did not respond, as they do not have power supply.

Table B-8 Percentage of Population using electricity

Percentage of population Using electricity	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
0-10	-	-	17	-	11	15	-	13
11-20	-	33	10	-	11	20	-	25
21-30	-	-	10	-	-	30	-	17
31-40	-	-	-	-	-	-	-	-
41 & above	100	67	8	100	78	-	100	8
No Response	-	-	55	-	-	-	-	37

1.4.1.1. POPULATION USING OTHER SOURCES OF ENERGY IN THEIR HOMES

Table B.9 shows that 30%- 50% of the population uses charcoal as a main source of energy at their homes, Twelve percent of the women in Gisozi use solar power as the source of energy and 20%-30% depend on wood fire. A small percentage in Nyarugenge and Kacyiru use generators.

Table B - 9 Percentage of the Population using other sources of Energy in their Homes

Source of	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Bio-gas	-	-	-	-	-	-	-	-
Solar	-	-	-	-	-	-	-	12
Fuel/Kerosene	25	29	33	25	22	20	25	27
Charcoal	40	39	34	50	42	47	50	27
Generator	10	3	-	-	2	-	-	-
Firewood	25	29	33	25	34	33	25	26

1.4.1.2 AVAILABILITY OF WATER

Table B.10 shows the availability of water in the eight districts of Kigali. In Gisozi, Kanombe and Butamwa districts 10%-30% have access to tap water. The percentage of

households fetching water from other sources is very high in Gikondo and Butamwa districts.

Table B -10 Availability of Water (percentages)

Factors	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Tap Water	95	60	60	60	30	10	90	16
Wells	-	-	20	-	18	25	-	32
Running Water	-	-	-	-	-	15	-	29
Rain Harvest	-	28	-	-	25		-	16
Fetching water from other sources	5	10	20	40	27	50	10	7

1.4.1.3 DISTANCE TO FETCH WATER

Table B-11, shows that Nyarugenge, Kacyiru, Kicukiro and Nyamirambo have a good water supply, compared to other districts. Gisozi, Kanombe and Butamwa face a very serious problem of water with a high percentage of women having to fetch water from other sources. Women from Butamwa move a long distance in the search of water or sometimes they even go to other communes. Women are also largely responsible not only to fetching water, but also to fetching wood. However, the heavy workloads of women are a danger to their health and wellbeing. Due to the multiple roles women play in the household they have to walk long distances, carry heavy loads, and get exposed on a daily basis to smoking fires and hazards of agricultural chemicals.

Table B-11 Distance to fetch water (percentages)

Distance of water supply from home	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
50 Metre or less		-		10	12	10	10	7

50 to 100 Meter	5	-		10	15	25	-	13
100 to 150 Meter	-	-	10	10	25	15	-	27
150 meter and above	-	10	10	10	18	40	-	37
No need to fetch water from other sources	95	90	80	60	30	10	90	16

1.4.1.4 TIME SPENT ON FETCHING WATER

Table B.12 shows the time spent by women in fetching water.

Table B.12 Time spent on fetching water (percentages)

<i>Factors</i>	<i>Nyarugenge</i>	<i>Kacyiru</i>	<i>Kicukiro</i>	<i>Gikondo</i>	<i>Kanombe</i>	<i>Butamwa</i>	<i>Nyamirambo</i>	<i>Gisozi</i>
10 Minute or less	80	-	-	-	12.5	-	95	13
10 Minutes to 20 minutes	-	25	-	-	12.5	80	-	20
20 Minutes to 30 minutes	-	-	-	20	25	-	-	13
30 Minutes to 60 minutes	-	-	85	50	37	-	-	27
One Hour and Above	-		-	-	13	-	-	27

1.4.1.5 LACK OF HEALTH FACILITIES

Table B.13 shows opinions about the lack of health facilities in the CoK. The study shows that in Kikukiro and Gisozi, there is a very serious problem of lack of health facilities, whereas in Nyamirambo, Gikondo and Butamwa the situation is regarded as serious.

Table B.13: Lack of health facilities (percentages)

<i>Factors</i>	<i>Nyarugenge</i>	<i>Kacyiru</i>	<i>Kicukiro</i>	<i>Gikondo</i>	<i>Kanombe</i>	<i>Butamwa</i>	<i>Nyamirambo</i>	<i>Gisozi</i>
Very Serious Problem	-	33	60	20	40	29	-	64
Serious Problem	-	-	33	30	50	57	100	36
Somewhat Serious	33	-	7	10	10	14	-	-
Not Serious	67	67	-	30	-	-	-	-

1.5 ACCESS TO FORMAL AND INFORMAL EDUCATION

The government regards education as a basic right for all its citizens and a pre-requisite for sustainable economic and social development. Education for all is thus one of its major goals, but gender disparities in terms of access to education, retention in school, transition from one level of education to another have become more pronounced over the years. Most parents still prefer to send boys rather than girls to school. This is due to socio-cultural beliefs that give the male children, as future heads of households, the opportunity to prepare for these roles, and a poverty environment also reinforces these socio cultural preferences.

The country's long-term development vision is to use education and professional training as strategies for developing human resources. In the medium term, national investment will focus on three critical areas namely: universal basic education, development of higher-level technicians and middle level scientists through the promotion and expansion of science and technology in middle-level schools and tertiary collages; and vocational training.

The statistics on education show clearly that there is a wide gender gap, with women and girls lagging far behind men. Of the 56% illiterate Rwandans, 54% are women. The distribution of boys and girls in technical institutions show that the gender gap is at all levels, with girls making up 14.6% compared to boys who make up 85.4% of all the students in general technical institutions. Gender role stereotyping is also obvious, with girls making up 77.3% of nursing compared to boys who make up 22.7%. These statistics show cause for concern, since at primary and secondary level, the registration figures indicate an almost equal number of girls and boys. The school drop-out rate for girls is still much higher than that of boys, although pregnancy is no longer officially a cause for school drop-out, since schoolgirls are allowed to continue with schooling even when pregnant.

The advantages of an educated society and especially of educated women have been proved throughout the world. Improved family health and planned families are some of the advantages.

Government has noted that even where opportunities have been opened up, for example in postgraduate scholarship programmes, there is still a big gender gap because there are not enough women to take up these opportunities.

1.5.1 SOCIO-ECONOMIC GENDER GAPS

1.5.1.1 REASONS FOR GIRLS' DROPPING OUT OF SCHOOL

Table B-14 shows that lack of funds is the major problem in all the districts for the girl's dropping out. Most of the girl dropouts come from Kacyiru, Kicukiro and Gikondo districts, for reasons such as pregnancy, parenting reasons, ignorance and marriage. It was also mentioned that some do not go to school because the parents don't care and because of the high school fees. The girl child in Rwanda faces many hazards, given the poverty context in which they are brought up. It is estimated that 18% of all female children in Rwanda live in difficult circumstances.

Table B-14 Reasons for the dropout of girls in school (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Lack of Funds	-	17	53	20	-	57	67	41
Pregnancy	-	17	7	10	-	-	-	-
Parents Reason(working at home)	-	17	13	10	-	-	-	-
Ignorance	-	17	7	10	-	-	-	-
Marriage	-	-	13	10	-	14	-	5
Others (Refused to go to school)	-	-	-	-	-	14	-	14
No Response	100	32	7	40	100	14	33	41

1.5.1.2 Strategies to minimize the drop out rate

Table B.15 shows the strategies suggested by women to minimize the dropout of girls from school. These include seeking support from government, forming associations and starting small businesses. Some suggested that counsellors must report all the girls who drop out and the local government should try to solve it.

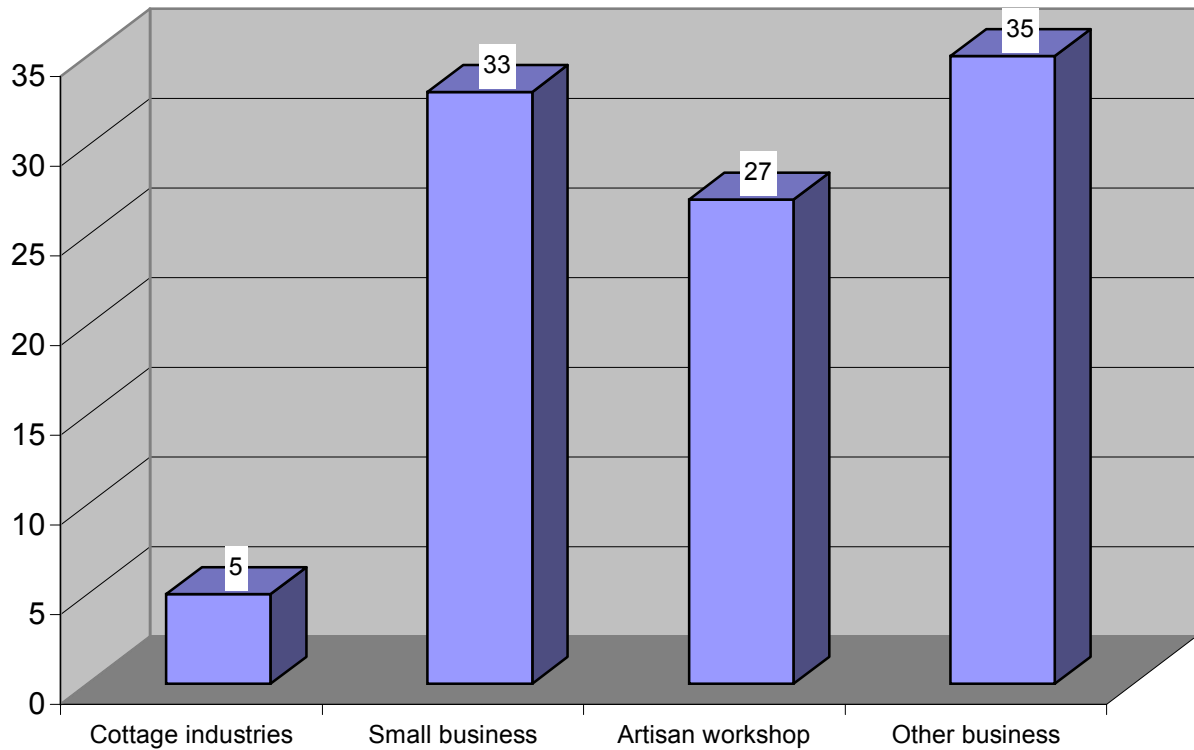
Table B.15 Strategies to minimize drop- out rate (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Seeking support from government/ associations	-	17	7	20	-	14	67	5
Starting small business	-	33	27	28	-	-	17	5
Farming	-	-	33	-	-	57	-	31
Seeking employment	-	17	-	-	-	-	-	5
Sex - education for children at school level	-	-	-	-	-	-	-	-
Others (selling petty things such as tomatoes, charcoal, etc.)	-	-	7	-	-	-	-	9
No Strategy	100	33	26	60	100	29	16	45

1.5.1.3 ENTREPRENEURIAL OPPORTUNITIES AVAILABLE FOR WOMEN IN CoK

Figure B2 shows the various entrepreneurial opportunities available for women in the CoK. The study shows that in the CoK 5% of opportunities are in cottage industries and small businesses offer 33% of opportunities other businesses offer 35% of opportunities to women whereas artisan workshops offer 27% of the opportunities in the CoK.

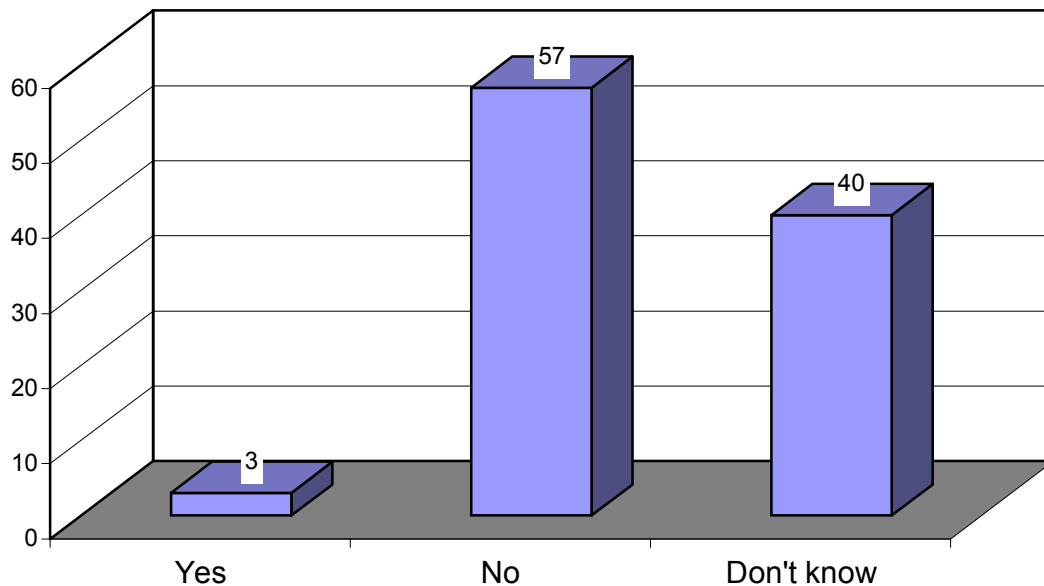
Figure B.2 Entrepreneurial opportunities available for women in CoK



1.5.1.4 ENTREPRENEURSHIP DEVELOPMENT PROGRAMME AVAILABLE FOR WOMEN IN CoK

Figure B3 shows that only 3% of the women know about Entrepreneurial Development Programmes 40% do not know about them.

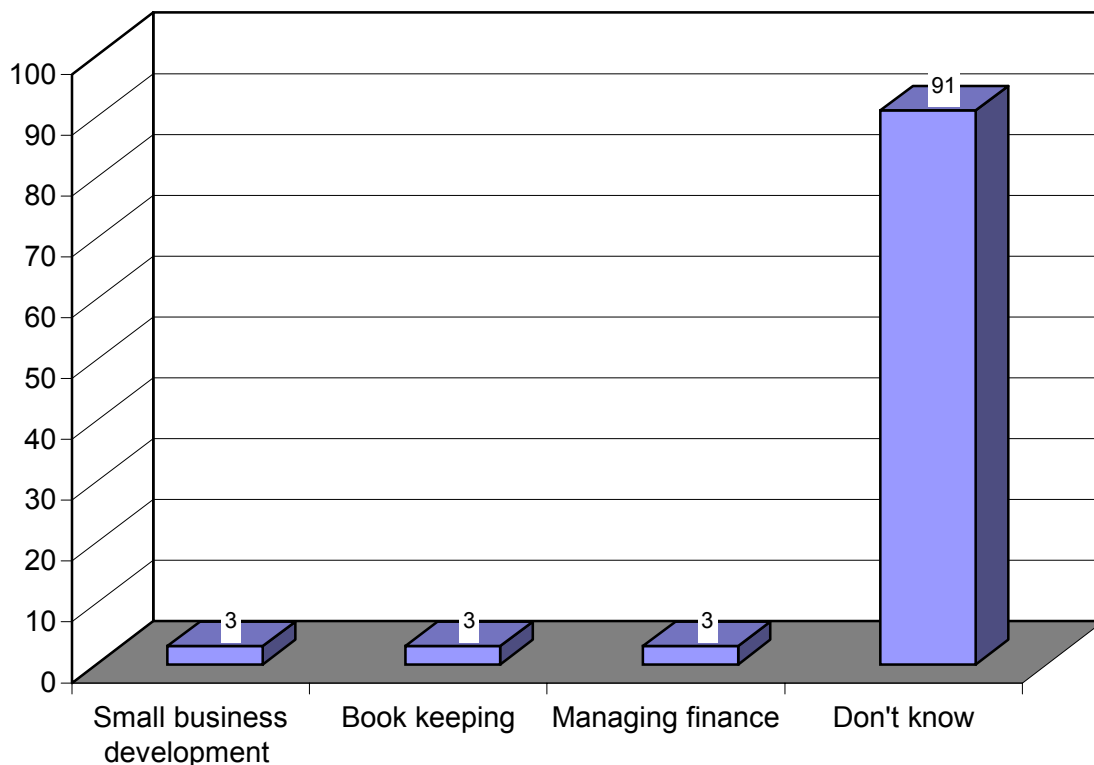
Figure B.3 Entrepreneurship Development Programme Available For Women.



1.5.1.5 KNOWLEDGE OF WOMEN ON ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES IN CoK

Figure B4 shows that only 9% of the women know about different entrepreneurial development courses available in the CoK, of which 3% know about courses on small business development, 3% know about courses on book-keeping, and 3% know about the courses on managing finance. Ninety one percent (91%) are unaware of any entrepreneurship development programmes available for them. These courses are only available in Nyarugenge district and are offered by KIST, Duterimbere and Pro-Femme.

Figure B.4 Knowledge of women about EDP Courses in the CoK



1.6 ENSURING THE PARTICIPATION OF WOMEN IN DECISION MAKING STRUCTURE AT ALL LEVELS

Good governance has certain basic attributes. For example, it is interactive and participatory in nature and includes both the state and non-state actors such as the private sector and civil society organizations. Secondly, It is transparent and accountable and is thus underpinned by the rule of law and respect for human rights and freedoms.

In early 1998, The government of Rwanda held discussions with political parties and members of the civil society on the future of Rwanda. These discussions resulted in consensus on how to deal with various issues ranging from justice to economic reforms. A positive outcome of the discussions was the release of 10,000 genocide suspects who had been in detention. Another milestone was reached when the government created a *Human Rights Commission* to promote respect for human rights. In addition, a national civilian police force came into being to replace the paramilitary gendarmerie in law enforcement. These developments, coupled with the establishment of the *Commission for National Reconciliation* represent important steps in the march towards good governance. Following the establishment, in 1999, of the *Commission on Legal and Constitution Affairs*, the country now has firm foundations for a democratic Rwanda.

The government has facilitated the establishment of councils specifically intended for women. These councils, whose major task is to identify issues of concern and lobby for women's advancement, are open to women from all walks of life including grassroot levels. But despite these milestones, women's position in political participation and decision-making is still influenced by a patriarchal system in which men are assumed to be representing women. Women are still marginalized in strategic decision-making institutions such as Parliament, Central government and Local authorities, Trade Unions, Co-operative Societies, Professional Bodies and grassroot-based institutions such as Land Boards. The government recognizes the need to promote equitable gender representation at all levels and is committed to promoting participation of women in leadership positions, through affirmative action, and the improvement of women's social, economic, educational and political status.

1.6.1 WOMEN'S PARTICIPATION IN DECISIONS CONCERNING FAMILY RESOURCES

Table B-16 shows the level of participation by women in decision-making concerning family resources.

Table B-16 Women's participation in decisions concerning family resources (percentages)

Women's participation in decision concerning family resources	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Giving a loan	-	-	-	-	-	-	-	-
Purchasing	100	33	67	60	40	100	100	45
Giving a gift	-	-	-	10	-	-	--	-
Others/all the above	-	17	-	30	-	-	-	10
No Response	-	50	33	-	60	-	-	45

1.6.1.1 DECISION ON THE USE OF FAMILY RESOURCES

Table B-17 shows that, on average, 68 of decisions are made by women alone, most of these women being heads of household.

Table B-17 Decision on the use of family resources (percentages)

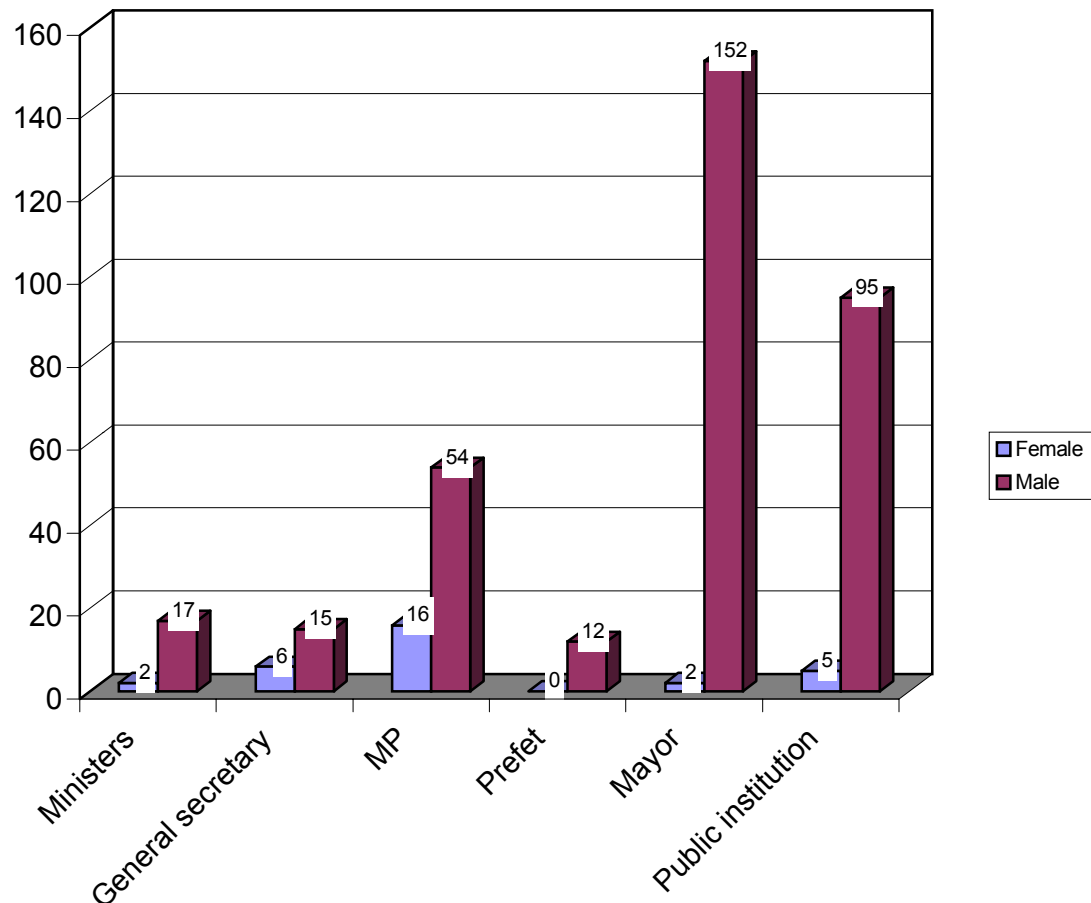
	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Husband alone	33	-	20	-	10	-	-	18
Wife alone (widows)	-	100	53	60	40	100	67	55
Husband and wife together	67	-	13	40	30	-	-	-
Son	-	-	-	-	-	-	-	23
Daughter	-	-	13	-	20	-	33	5
Others	-	-	-	-	-	-	-	-

Source: National Survey Carried out in 1996

1.6.1.2 WOMEN PARTICIPATING IN DECISION-MAKING IN THE GOVERNMENT

Figure B-5 shows the number of women who participate in government decision-making. According to the national survey carried out in 1996, the number of women who participate in decision-making was much lower than the number of men. The study shows that out of 19 ministers, only 2 are female (9.52). In terms of the general secretaries in the ministry, out of 21, 15 are male and 6 are female (29%). Looking at the composition of the Parliament, out of 70 MPs, 54 are male and 16 are female which accounts for 23%. All (12) regional commissioners (prefects) are male. There are 154 mayors, 152 of which are male and 2 are female (1%). In public institutions, there are only 5 females in decision-making positions. Figure B 5 shows that women who participate in decision-making are still very few.

Figure B.5 Women participating in decision-making in the government



Source : Ministry of Women and Gender

1.7 CHANGING PERCEPTION OF WOMEN'S ROLE IN SOCIETY THROUGH ICT TRAINING AND MEDIA

The ICT strategy for realization of the development vision of Rwanda is relevant to women's empowerment and gender equality principles and objectives. The ICT strategy is to:

- 1) Transform Rwanda into an IT- literate society;
- 2) Promote and encourage the deployment and utilization of ICT within the economy and society;
- 3) Improve the information and communication infrastructure of Rwanda;
- 4) Transform the education system using ICTs with the aim of improving accessibility, quality and relevance to development needs of Rwanda to facilitate

the process of national reconciliation and reintegration by promoting social and cultural interaction within the society.

The media, particularly print and electronic, is a powerful tool, which creates and changes opinion, and educates and socializes people. In the CoK, as in the rest of the developing world's capital cities, the media has a major role in educating people on priority issues like democracy, health education, human rights and sustainable development. However, in its content, the Rwandan press has been known to portray women negatively, in this way perpetuating negative attitudes and beliefs about women in society.

In the country's progress report on implementation of the Global Platform, it is noted that there has been some progress in integrating women into the media. However, the media is still male-dominated in terms of numbers and issues. The association of women in the media was formed in 1995 with the aim of promoting socio-economic wellbeing through the media. In addition, women's NGO's have undertaken to develop and package information to educate the public in general and women in particular.

1.7.1 WOMEN AND MEDIA

Table B-18 shows the media used by women, the women from Nyarugenge district reported that there are some media malpractices which oppress/harass women by portraying them as a means of exploitation and as sex symbols. In one of the newspapers there is a column called “Rwubaka” which depicts women as sex symbols.

Table B-18 Women and Media (percentages)

	Nyarugenge	Kacyiru	Kicukiro	Gikondo	Kanombe	Butamwa	Nyamirambo	Gisozi
Media – use by women								
Reading Newspapers	70	17	13	30	30	-	-	-
Listening to Radio and Watching TV	15	50	60	50	40	57	67	50
Library	-	-	7	-	-	-	--	-
Community meetings	25	17	20	20	30	43	33	45
Others	-	-	-	-	-	-	-	-
No Response	-	16	-	-	-	-	-	5

1.8 STRENGTHENING WOMEN'S ORGANISATIONS TO REPRESENT WOMEN INTERESTS

There can be no development as long as women's role is not considered. An encouraging sign is that Rwandan women are beginning to take part in their country's development despite the social and economical problems that they are still facing.

In this context, the government has in particular identified in its programmes the objectives for the development of women, which include "strengthening of women's organizations to represent women's interests".

Thus, Pro-Femme Twese Hamwe was created in 1992, consisting of thirteen associations with the objective of enhancing the welfare of Rwandan women during the war. After the war and genocide, the number of women's associations increased from 13 to 35.

The policy objective of PRO-FEMME are:

- a) To conjugate actions to carry out major changes by eradicating any kind of discrimination towards women;
- b) To provide a framework of dialogue and thoughts for the strategies of a successful mission of the association members engaged in the empowerment of legal status and socio-economical development of women;
- c) To facilitate exchange of ideas among different associations and promote partnership with other organizations working for the promotion of women;
- d) To strengthen capacity-building of the Pro-Femme association;
- e) To build up a framework of communication and education on the major role of women in the society.

1.8.1 FINDINGS

Duterimbere is an organisation which strengthens women's economic development. This is a non-profit making association set up in accordance with Rwandan law. It was founded in May 1987 by group of thirty women in order to promote women's entrepreneurship. It was created "to contribute to the improvement of the conditions of living of the Rwandese women with low income".

Having been approved by ministerial decree no. 1219/95 of November 3, 1987, Duterimbere is affiliated to Women's World Banking which is a non-profit making international organization, whose headquarters are in NewYork.

Any Rwandan women with low income has the right to Duterimbere services. They are offered to her through its staff or members.

Individual women or group of women who want to launch an economically profitable activity or improve their socio-economic condition of living also have access to Duterimbere's services.

Table B-19 DUTERIMBERE: CREDIT GIVEN TO THE WOMEN UPTO JUNE 2001

Details	1995	1996	1997	1998	1999	2000	2001 (June)	Total
Total Amount of loan given to women (FRw)	34,861,310	75,364,903	117,098,539	24,410,485	8,594,250	60,769,020	47,599,170	368,724,677
No of Beneficiaries	2,104	2,534	3,802	126	32	1,507	1,032	11,137
Rate of Return of money given (%)	85	79	75.5	69.95	95	94	77	
Average Loan given per woman (FRw)	16,569	29,741	30,799	193,734	268,570	40,342	46,123	

1.9 APPROACHES TOWARDS ENHANCING WOMENS CAPACITY IN DEVELOPMENT

The key concept of enhancing women's capacity towards development is central within the gender policy, which reflects the country's overall development goals. The CoK development vision emphasizes the elimination of human misery and poverty, based on the creation of societal values as well as structural and attitudinal systems which will serve as vehicles through which every citizen, male or female, will have the opportunity to develop their full potential and effectively contribute to national development.

The critical centerpiece of the above study is the empowerment of women for their advancement. It is a transformative government tool through which the CoK enforces its commitment to "build a CoK in which both men and women have equal opportunities in the participation of the country's management".

A major focus of the CoK vision targets human development, improvement of access to education (both formal and informal) at all levels, capacity-building, improvement of health standards and enhancing women's capacity towards women development.

1.9.1 APPROACHES TOWARDS ENHANCING WOMEN CAPACITY

Table B-20 Approaches towards enhancing women capacity

Issues	Welfare	Equity	Anti-poverty	Efficiency	Empowerment
Targets	Poor women (Vulnerable group)	Working women	Poor Women	Women as workers (Human capital)	Women as equal to men in all spheres
Aim	Family Welfare	Equality for women and men and elimination of discrimination	Satisfaction of basic needs through increased family income	Increased productivity and economic growth	Women's self-reliance and influence in social change
Reference role of Women	Reproductive (Mother and Wives)	Productive and reproductive	Productive as extension of reproductive	Productive (disregards Reproductive)	Triple role redefined (Productive, Reproductive and Public life)
Emphasis	Physical Survival (Food Aid, Child care services, family planning)	Revalue women's economic and social contribution fair share of development benefit	Develop potential of women as income-earners	Fully utilize women's productive capacities as resources for development	Women's access to decision-making
Operational Strategy	Provide assistance relief and aid to perform reproductive role.	Promotion of equality legislation, policies and practical measure	Promote women's access to income generating work and productive resources	Improve women's education, training and management of productive resources	Consciousness raising, popular education, organization and mobilization of women
Participatio of Women	Passive beneficiaries, recipients	Active participants moving away from traditional roles.	Active beneficiaries Within traditional roles.	Instrumental Beneficiaries	Potential actors for social change

Source : *Gender Issues in the World of Work (Section 2.4), ILO, Geneva, 1995*

POLICY APPROACHES TOWARDS WOMEN AND DEVELOPMENT

There has been a gradual shift in the way women are perceived within development thinking from that of victims and passive objects to independent actors. Five different policy approaches can be distinguished which have emerged over time since the 1950s .

The Welfare approach

In the early phase of development co-operation, during the 1950s and 1960s, women were seen as purely passive beneficiaries in the development process, with the emphasis on the reproductive roles as mothers and home makers. This approach is based on the western stereotype of the nuclear family in which women are economically dependent on the male breadwinners

The Equity approach

This is the first Women in Development approach, which emerged during the UN Decade of women as a reaction to the failure of modernization policies. The philosophy underlying the equity approach is that women are lagging behind in society and that the gap between men and women can be bridged by taking remedial measures within existing structures. Women are seen as active participants in the development process. Specific analysis of the relations between men and women as well as the notion of different power bases that may exist between them was lacking at that time.

The Anti-poverty approach

The second women in Development approach links the economic inequality of women and men not to subordination but to poverty, looking for ways to increase income generating opportunities for poor women. This approach is related to the basic needs general development strategy of the late 1970s in which the key objective was to meet basic needs such as food, clothes, housing, fuel and education. The anti-poverty approach emphasizes the productive role of women and works to increase their employment and income generating opportunities. Women's reproductive roles are not addressed by this approach and social and culture constraints are not identified.

The Efficiency or Instrumental approach

The basic view underlying this approach is that integration of women in the development process is essential in order to fully utilize all human resources and to ensure that development will become more efficient and effective. Women are seen as having under-utilized development potential which should be put to better use . This approach, disregarding existing role patterns in society, is based on the premise that women could, without difficulty, perform extra work, and that women's labour has not so far been of benefit to national development

The Empowerment or Autonomy approach

The above four approaches have in common the fact that they take little account of the historical inequalities of power between men and women in their societies. The empowerment or autonomy approach emerged in the mid 1970s among third world women and their organizations and it is based on their experiences. It recognizes that feminism is not simply a recent western, urban, middle-class import, but that it has an independent history. Third world feminism has its roots in women's participation in nationalist struggles, working class agitations and peasant rebellions has been an important force of change. Of current significance is the formation of autonomous women's organizations. The empowerment approach aims at strengthening and broadening the power base of women in order to achieve greater self-reliance. It defines women's inequality not only as a problem in relation to men but also in relation to their race, class, colonial history and current position in the international economic order.

1.10 RECOMMENDATIONS

1.10.1 THE ROLE OF WOMEN IN LOCAL ECONOMIC DEVELOPMENT

- 1) Government should review policies and programmes; particularly those related to the informal sector in order to enhance the financial support and services to the small-scale and home based entrepreneurs, especially women whose mobility is limited;
- 2) Government should promote the identification, development, acquisition and utilization of value added labour and timesaving technologies for the benefit of women;
- 3) In order to remove obstacles to women's access to and control over productive assets, wealth and economic opportunities, government will continue to support institutionalisation of a special credit guarantee fund to promote women's economic activities throughout the country;
- 4) Affirmative action policies and programmes should be introduced in order to enable men and women to have equal access to economic and employment opportunities. In particular, special attention should be paid to affirmative action programs for disabled women, and female-headed households;
- 5) Budgetary allocation in different sectors should be analysed to ensure that all poverty alleviation programs are gender-sensitive with gender- responsive budgetary allocation in all development sectors;
- 6) Government should encourage and support the collection and use of gender-desegregated data to design effective policies aimed at reducing gender inequalities and eradicating poverty;
- 7) Special attention should be paid to creating an enabling environment and developing programs that encourage women to participate in the conservation of the environment, management of water resources and development of appropriate housing;

8) A regular survey should be undertaken to take stock of the housing situation to determine the nature and extent of such constraints with a view to eliminating them, and to use the survey information as reliable gender-based data on ownership of shelter and capacity for acquisition in order to ensure women's access to housing.

1.10.2 ELIMINATING DISCRIMINATORY LEGAL PROVISIONS AND INSTITUTIONAL PRACTICE

1. Review and revise all areas of personal law, law of succession and any other law that discriminates against women in order to ensure that the laws of the country provide adequate protection against all forms of violence and the abuse of Human rights;

2. Promote gender-sensitive research into the laws of Rwanda as a basis for establishing legal literacy and equal human rights advocacy campaigns;

3. Encourage women through education, counselling and practical examples to liberate themselves from their psychological fears and come out strongly onto the political platform, as the needed catalyst for radical change from a tradition-bound world order to a new world of greater freedom, greater equality and broader opportunities;

4. Create educational strategies, which focus on the cultural component of the legal system in order to reform the legal system with a view to empowering women. There is also a need to re-educate people away from cultural beliefs which are gender-discriminative;

5. To review and amend the penal code in order to ensure that all gender related crimes are criminal offences and are treated as such;

6. Develop and implement programmes for sensitizing legal practitioners, administrators and other law enforcement officials on how to handle cases of violence and reinforce the respect for women's rights as human rights;

7. Organize, support and fund community-based public campaigns to raise awareness about gender violence against women and respect for women's human rights. In this effort local communities will be supported to use appropriate gender-sensitive traditional and innovative methods of conflict resolution;

8. Develop and carry out advocacy campaign aimed at changing social attitudes and cultural practices that continue to discriminate against and marginalize women;

9. Establish gender sensitive structures and effective support services for women victims of gender-based violence;

10. Ratify and implement all international conventions for the protection of women's human rights.

1.10.3 IMPROVING WATER SUPPLY, HEALTH CARE AND ENERGY SUPPLY

- 1) Take measures to introduce water facilities, home energy supplies and health care facilities to reduce constraints on women's labour and to integrate this into the overall socio-economic development framework, especially in education, agriculture, commerce, industry, environment, water, micro and small-scale enterprise development;
- 2) Strengthen primary health care (PHC) in general and maternal, child health and family planning (MCH & FP) services in particular to ensure the active participation of men and women in health care planning and provision;
- 3) Introduce measure to ensure that gender-related health and population concerns are integrated into the overall socio-economic development framework, especially in education, agriculture, commerce, industry, environment, water and micro and small-scale enterprise development;.
- 4) Launch special initiatives taking into account gender and sex- related health needs to fight against sexually transmitted diseases, HIV/AIDS and other health issues related to sexuality and reproduction. Encourage to participate in the fight against HIV/AIDS in particular as it affects women, and in consideration of the critical role they play in management of HIV/AIDS patients;
- 5) Establish special programmes related to women's specific maternal health needs at community level;
- 6) Promote research on women's health and the use of segregated gender data for target delivery of health services and improved policymaking process;
- 7) Government should encourage and support information, Education and communication (IEC) programmes aimed at enhancing health awareness and moulding the attitudes of men and women with regard to personnel and public health, including use of family planning and elimination of harmful practices that discriminate against women;
- 8) Take steps to review and revise current legislation to integrate health-enhancing laws, for example better maternity leave allowances.

1.10.4 ACCESS TO FORMAL AND INFORMAL EDUCATION

- 1) Introduce affirmative action measures aimed at enhancing opportunities for boys and girls at all levels of education and in all institutions of higher learning and training in order to reduce the gender gaps in education;
- 2) Enforce special measures to promote the reduction of dropout rates of girls and boys at all levels including the elimination of all forms of harmful ritual/cultural practices that hinder girls' and boys' full participation in education;

- 3) Establish and promote literacy programmes, both formal and informal that are gender responsive and easily available, for the disadvantaged groups in poor rural and urban areas of CoK, with specific emphasis on women;
- 4) Establish specialized Entrepreneurial Development programmes for `women in Small Business Development, Book-Keeping, Managing Finance and other short-term training programmes based on entrepreneurship in order to build entrepreneurial capacity and other skills so that women can start their own businesses;
- 5) Introduce gender sensitive measures to enhance the enrolment and retention of women in the teaching profession at all levels, including management position in the education system;.
- 6) Establish a monitoring system to insure that education and training curricula as well as formal education institutions are gender responsive and sensitive;
- 7) Enhance gender-sensitive research in the education sector to improve the collection, analysis and dissemination of data segregated by age and gender in the sector;
- 8) Introduce measures to encourage increased participation of girls in science and technical education;
- 9) Establish adult learning centre with available and affordable media and technologies to support adult education and basic literacy, especially for women;
- 10) Encourage the establishment and use of special education facilities in primary and tertiary institutions to cater for girls and boys who are physically challenged and/or have learning disabilities;
- 11) Introduce programmes within the school systems for community mobilization and sensitization in support of the girl-child as a means of influencing socio-cultural and household dynamics to overcome the differential treatment of girls and boys.

1.10.5 ENSURING THE PARTICIPATION OF WOMEN IN DECISION MAKING STRUCTURE

- a) Introduce affirmative action measures in order to increase the participation of women in all aspects of governance and decision-making, in public and private sectors;
- b) Establish and support capacity building and gender sensitization programmes to encourage women to take an active part in decision-making at all levels;
- c) Develop and utilize a monitoring framework with specific indicators to measure the level of participation and advancement of women in the political and decision-making process in all sectors and at all levels.

1.10.6 CHANGING PERCEPTION OF WOMEN'S ROLE IN SOCIETY THROUGH ICT TRAINING AND MEDIA

1) Review the newly established information and communication technology to ensure that it is gender-sensitive and in particular that equal opportunities for women's access to ICTs are created within the national ICT policy framework;

2) Minimise negative media practices by sensitizing women and media agencies and by creating legislation in this regard;

3) Support the initiatives of different organization in setting up women's information networks;

4) Enhance accessibility to ICTs at grassroot levels by introducing community level telecasters;

1.10.7 STRENGTHENING WOMEN'S ORGANISATIONS TO REPRESENT WOMEN INTEREST

1) Strengthen women's organizations such as Pro-Femme and their member organizations so that women's interest can be represented well;

2) Encourage the integration of women into economic development, through the setting up of a loan fund, to back up women's income generating activities and to provide for technical support in the working –out and management of projects;

3) Facilitate access to bank loans by women with low income and who do not have a bank guarantee;

4) Stimulate women's entrepreneurship in Rwanda;

5) Strengthen women's awareness of their economic rights, mutual solidarity and trust;

6) Improve womens economic empowerment policies through lobbying and advocacy;

7) Further strengthen women's banks like Duterimbere in order to promote entrepreneurship.

SECTION 2: INFORMAL SECTOR

SECTION 2: SMALL BUSINESS

2.0 Introduction:

Entrepreneurship has been, and continues to be, the main engine of economic development and success in many parts of the world. Interest in entrepreneurship has taken a central position and is often cited as a solution to many kinds of economic problems and social ailments in many parts of the world (Dossajee, 1992).

In Rwanda, the rapid population growth, together with civil wars, genocide, and slow economic growth aggravated the situation in the country, resulting in poor living standards, unemployment and a general rise in poverty, which necessitated people to establish micro/small business as means of survival. The Rwandan economy is actually dominated by the agricultural sector, where more than 90 per cent of the population is concentrated. From this situation follows diverse socio-economic problems including low revenue per inhabitant, resulting in low purchasing power and low demand for other goods and services, pressure on scarce land, poorly productive soils and rural exodus, necessitating the informal sector to develop itself without any promotional policy nor well-established intervention (e.g. the Batembezi, Boutiques, carpentry, welding, small bars, etc.).

The Small business, though not given the necessary attention it deserves faces a lot of problems though it contributes to the economy of Rwanda by:

- **Promoting national and regional socio-economic development;**
- Improving the economic position of women and youth who are the survivors of the civil war and genocide as well as school drop-outs;
- Promoting employment (currently neither government nor private big industries are employing people);
- Providing socio-economic linkages;
- Saving foreign exchange, since local materials are generally used as raw materials;
- Despite their importance in the development of the economy, surprisingly, the national macroeconomic statistics do not show the contribution of this sector to the economy. Either the sector is assumed to be non-existent or the government is not concerned with the informal sector (National Statistical Book year 2000-Rwanda).

2.1 Definition and Characteristics of Small/Micro Enterprises

There are no standard definitions of small and Micro enterprises; rather they vary from country to country. These variations depend largely on the size of the economy and the levels of development. This sector is sometimes referred to as the informal sector, which is made up of entities, which employ one or two persons, including the owner. Their

focus is most often related to a small locality. The following are the general characteristics of small/micro enterprises, for purposes of this study.

- Absence of official status;
- Employs fewer than 10 workers including the owner;
- Lack of registration as factory or commercial enterprises with any registration commission/ board or authority;
- Operation in unauthorised location;
- Simple labour- intensive methods;
- Personalised modes of operation;
- Ease entry;
- Reliance on indigenous resources;
- Family ownership of enterprises;
- Unregulated market;
- Low capital intensity;
- Production of instantly - usable products;
- Extreme diversification, disorganisation, no keeping books of accounts, no accounts, no employees' registers, no training programmes, no bureaucratic tendency;
- Very simple technology, shelter accommodating the enterprise, ranging from open air to very simple sheds of mud and wattle with grass or old iron sheet roofs, or wagon containers.

2.2 Contribution of Small and Micro-Enterprises to the Economy in Rwanda

According to macro-economic statistics (National statistical year Book-2000-Rwanda), agriculture contributes 37 % to the total of GDP and creates 91 % of jobs. Industry contributes 25 %. Commerce and direct services contribute 25% and create jobs for 7% of the whole population, while Public Administration contributes 4% to the GDP. Other resources represent 13% of the GDP. The current composition of GDP does not include the contribution of the informal sector, which implies that the informal sector contributes nothing to GDP or that it is a non-existent sector or that government is not at all concerned with the informal sector. In actual fact, the sector contributes over 5% of the National Gross Domestic Product (*The Report of the market study of cottage industry products in Rwanda for the 1998-99 vol.1 pg 1.Ministry of Commerce, Industry and Tourism, the cottage industry directorate-a research "the Imishinga Impact Agency-Business plan Office Kigali*).

2.3 Current Government Policies and Programmes for Small and Micro Enterprises in Rwanda

As already stated, the informal sector developed in Kigali and Rwanda as whole without any promotional policy nor well - established intervention strategy. Slowly workshops and other small business were created by craftspeople or individual people, or by missionaries or NGOs or companies (owner's of capital) by introducing knowledge, of apprenticeship and wage - earning.

Taking into account its contribution to the national economy, the government has taken some initiative in promoting the sector in Kigali as well as in Rwanda as whole. These initiatives include:

- Government interventions to development of the private sector through different supporting projects in CoK and at boosting small economies in the rural areas. (see *appendices B-1 and B-2: government intervention and plan for government interventions in informal sector*);
- The existence of the Rwandan Federation of the Private Sector (RFPS) as a potential backer for the informal sector;
- The setting up of a National Industry Committee (NIC) with active participation planned for informal sector representatives;
- The existence of transport lines so as to enable free movement of the crafts people, and other small business people, and access to the market;
- Decentralization of funds to support projects that will be established at district level, capable of helping crafts people and small businesses in search of financing;
- The presence of several speakers in the sectors (projects, NGOs donors, etc.) that can contribute to reducing identified obstacles and improving the socio-economic development of the informal sector;
- The existing school infrastructure, which can contribute to the formation of qualified small business people, or apprentices and technicians once the programmes are adapted to the need of the sector;
- Draft policies which are yet to be passed and implemented, regarding crafts people and informal sector development at national level in the following eight areas of action. (*-Policies and strategies of global intervention (operation) craft (Informal) sector,-a document by Ministry of Commerce, Industry and Tourism-Rwanda*):

1. Entrepreneurial formulation

At national level, the Cellule d'Appuis au Secteur d'Artisanat (CASA) is charged with training the facilitators in entrepreneurship skills so that the artisans and small businesspeople can start business as under the supervision of CASA. At provincial level, craft supervisors will be included in the training.

2. Craft Industry Organisation (CIO)

The Craft Industry Organization aims at the implementation of a coordination unit at national level and the support of basic initiatives at the district and the province level where the artisans organize themselves. The unit assumes a key role, being charged with creating certain favourable conditions for the development of the sector, e.g. entrepreneurial formation, dissemination of information, organization of meetings, links between the sector and the government.

3. Legal Framework

The basic law that governs the craft and informal sector needs to define the sector, (set institutional structures or frameworks, list and register craft fields and artisans and all small businesses.

4. Fiscal Framework

Elaboration of an appropriate fiscal framework for artisan and all small businesses in the sector, and discriminating information at district level to inform the artisans about their rights and duties as tax payers.

5. Professional training

It is essential to assist in the reorganization of the professional training already existing by assisting to identify institutions of technical training; elaborating the curricula for different artisans, linking the training institutions and artisans to allow the smooth interaction and training, and organizing tailor made - training demanded by provinces.

6. Access to the market

Although marketing of the product is a function of an artisan himself/herself or of businessperson, some measures of support are required to facilitate the marketing of the product. There must be a way of linking the consumers and the artisans, such as creating a market place with full infrastructure (toilets, telephones, etc.) where artisans will sell their products: Finding a way of enabling artisans to participate tendering especially for organized artisans associations or cooperatives; Assisting and encouraging artisan to participate in Trade Fair Shows; Creating a web Site for the artisans for advertising their products, Promoting their products, through media.

7. Access to Finance

In the decentralisation framework whereby the funds will be made available at district level, it will be possible for artisans and other small businesspeople to access credit. This will allow flexibility in obtaining loans. It is important to identify for artisans and small business of those banks or organisations, which are ready to give small credits to artisans/ small businesses. Artisans should be encouraged to form Artisans' Mutual Credit and Savings funds with the aim of allowing credit for members.

8. Research for development

Research should be encouraged so as to identify and transfer or disseminate appropriate technology and improve the quality of artisans' products/services. Sources of cottage industry machines required by artisans or small business, etc. should be identified.

2.4 FINDINGS AND DATA ANALYSIS

The survey on the feasibility study on the promotion of small - scale enterprises in Kigali was conducted with the objective of formulating strategies on how they can contribute more to the economic development of CoK and Rwanda as a whole. All eight districts of the CoK were studied.

The following are the findings of the study.

2.4.1 Age of Enterprises

Age of the enterprises refers to the number of years through which the enterprise has been in operation. Table B-21 shows that more than 65% of the enterprises were aged from 1-5 years, 20 % of the enterprises were aged between 6 and 10 years, and the rest 5% were aged from 11-15 years in all districts. This shows that most of the enterprises are very young.

Table B.21: Age of the small Enterprises in different districts in Kigali (percentages)

Years	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
0-5 yrs	68	64	73	79	78	70	59	84
6-10 yrs	30	27	20	11	17	26	29	12
11-15 yrs	2	9	7	10	8	4	12	4
Over 15 yrs	0	0	0	0	0	0	0	0

2.4.2 Age and gender of the owner of the Enterprises

The study shows that the age group, which is actively involved in small-scale entrepreneurship, are 21- 40 years which constitutes about 85% of all small - scale entrepreneurs in all districts. Fifteen percentage of the small - scale entrepreneurs are either children under 20 years old or over 50 years old. All age groups participate in this sector.

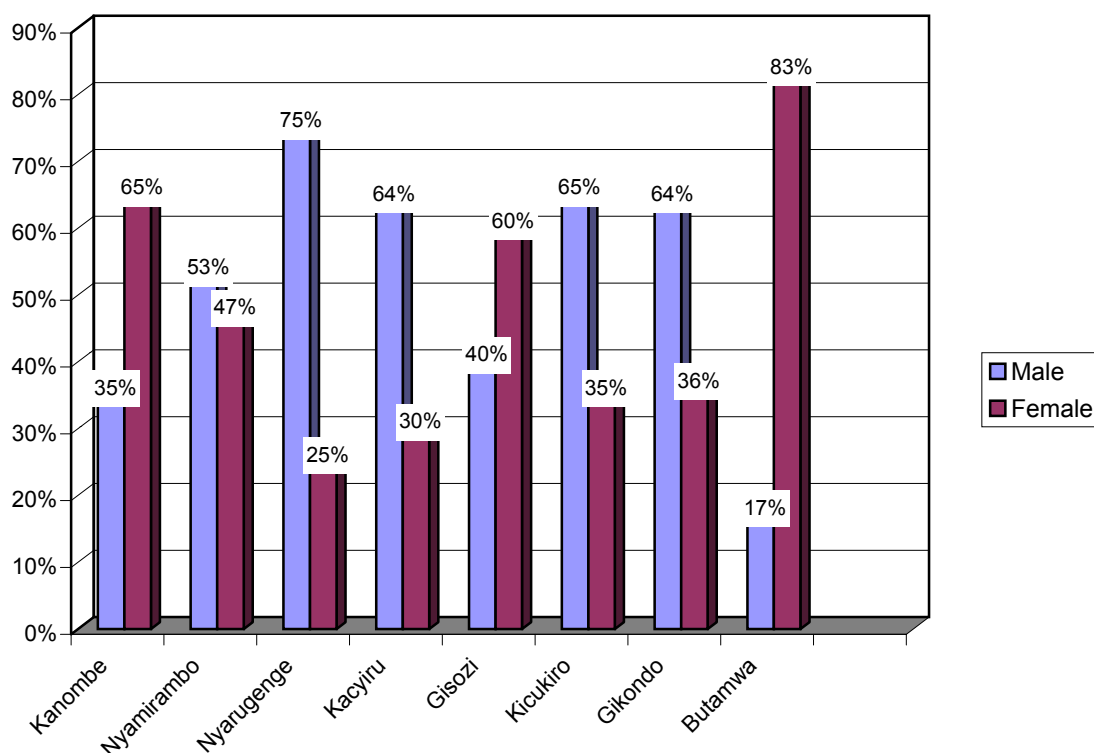
Table B-22 Age of the Owner of the Enterprises (percentages)

Years	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
0-20 yrs	0	22	0	0	0	4	8	0
21-30yrs	46	33	66	11	15	46	20	33
31-40 yrs	50	28	17	42	41	25	65	50
41-50 yrs	12	11	17	37	31	25	7	17
Over 50 yrs	0	6	0	11	5	0	0	0

Gender of the owner of the Enterprises

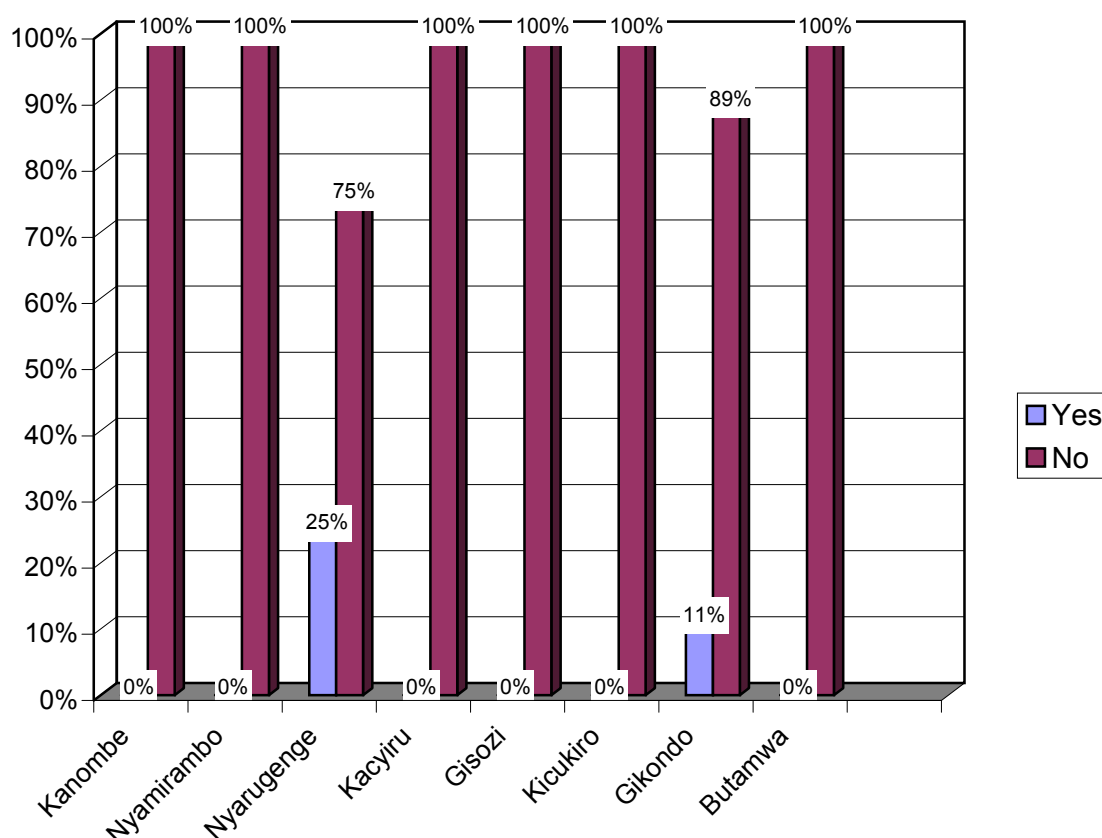
The study reveals that both males and females participate in the small-scale enterprise sector in all districts. This is because economic hardship affects every body regardless of gender. However, the most affected are female-headed households because they are more vulnerable.

Figure B.6: Owners by Gender



The study shows that, in all districts the initiation and starting of the small - scale business are in the hands of the entrepreneur himself /herself. Figure B7 shows that, on average, 95% of small businesses in all districts were first generation (not inherited) while 5% of mall business were inherited, which implies that people have learnt how to survive in economic hardship by themselves.

Figure B.7: Is the business inherited?



2.4.3 Organisation of the Business

The study shows that most of the small - scale businesses in all districts are organised on either an individual basis or as a family business. Table B23 reveals that between 50% and 77% small businesses are operated individually, while between 10% and 33% are operated on a family basis. Between 5 and 17% small businesses are organised through associations/co-operatives. Only Nyarugenge district has a high percentage of associations (35%). This shows that people need to be sensitised to form associations at district level.

Table B.23 Organisation of the small business (percentages)

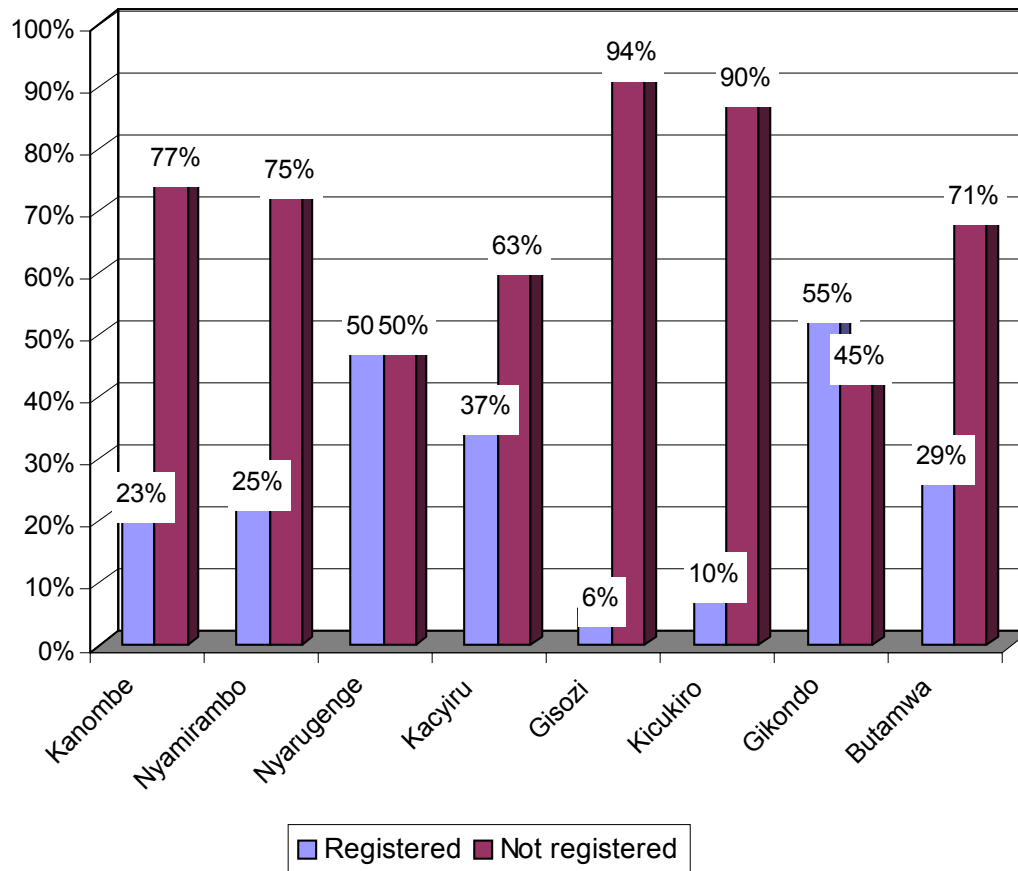
	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Association/ Cooperation	8	10	35	15	14	8	17	5
Family Business	23	30	10	10	10	15	33	40
Individual	65	60	50	75	76	77	50	55
Partnership	4	0	5	0	0	0	0	0

2.4.4 Registration of Small Scale Enterprises

The study shows that not all small - scale businesses are registered in all districts. Figure B8 reveals that in Gisozi district up 94% of the small business were not registered, while at Nyarugenge 50% of the small business were not registered. In rest of the districts of CoK, the percentage of small business which are not registered ranges between 45% and 90%.

Figure B.8: Rate of registration of small businesses in different Districts in Cok

Registration



2.4.5 Reasons for not registering businesses

The study indicates that the main reasons why the small businesses are not registered are ignorant of the requirements and lack of money. Table B.24 shows that in Butamwa district, 75% of small businesses are not registered because of ignorance, while in Kicukiro district the figure is 70%. The rest of the districts lie between 40 % and 65%. Lack of money for registration ranges between 15% and 41%, another reason revealed by small businesses for failure to register is the long licensing procedure.

Table B.24: Reasons for not registering business (percentages)

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Ignorance	57	40	65	42	60	70	60	75
Lack of money	33	41	30	41	28	20	25	15
Fear of govt. authority	0	0	0	8	0	0	0	0
Long licensing procedures	10	19	5	9	12	10	15	10

2.4.6 Number of people employed and income generation

The number of people employed by small - scale enterprises determines the size of the enterprises. The study reveals that most of the small businesses employed between 1 and 5 people. Table B-25 shows that the percentage of businesses in different districts employing 1-5 people ranges from 52 to 87%. This is consistent with the hypothesis that small businesses create many employment opportunities in the economy.

Table B.25 Number of people employed /by small – businesses (percentages)

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
1-5 people	85	73	75	65	52	83	87	83
6-10 people	15	18	25	32	42	12	8	17
11-20 people	0	9	0	3	6	5	5	0
More than 20	0	0	0	0	0	0	0	0

2.4.7 Income generated per month by small business at district level

The study reveals that small scale - businesses generate sufficient income to finance economic activities at household level, while indirectly contributing to the total GDP.

Table B.26 shows that in Nyarugenge 95% of small businesses can earn over 100,000 FRw per month, while in Gikondo 60% of small businesses can also earn over 100,000 FRw per month. This implies that small businesses assist in poverty reduction at the households level, e.g they contribute to paying school fees, renting houses, buying clothing, etc, at household level while contributing to the total GDP of the nation.

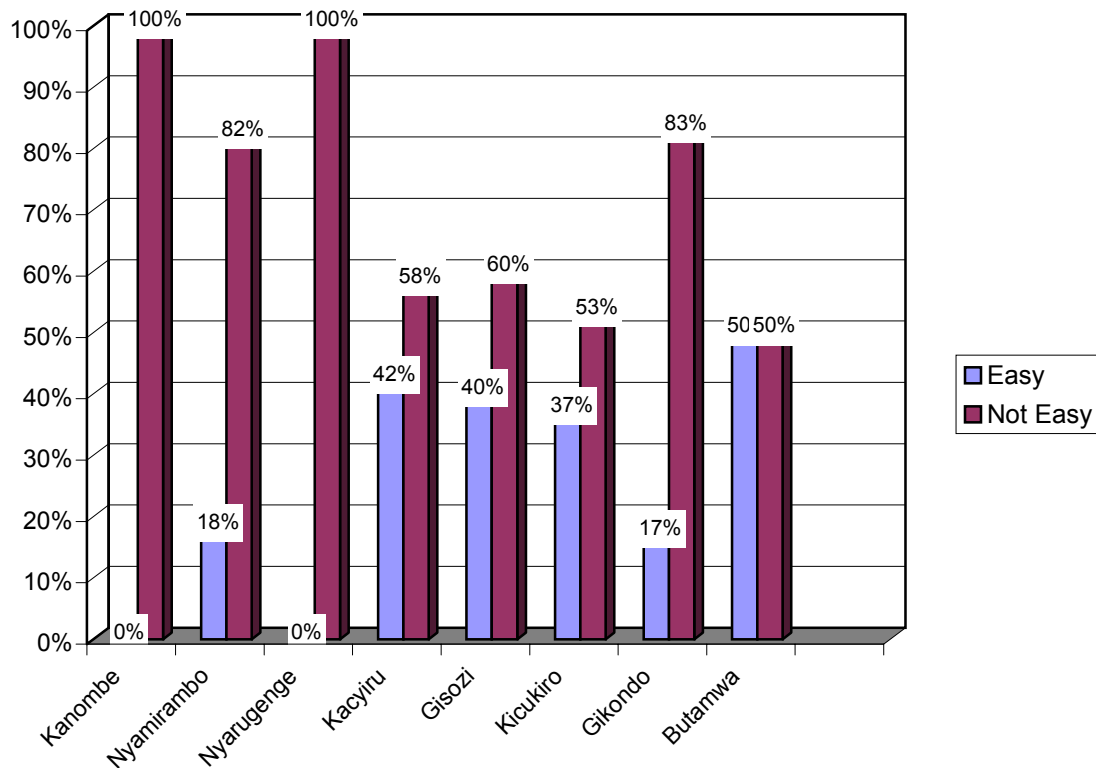
Table B.26: Income generated per month by small business at district level in Kigali (percentages)

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Below 20,000 FRw	17	11	0	0	10	7	10	0
21,000-50,000 FRw	17	12	0	16	20	15	10	17
51,000-100,000 FRw	16	62	5	32	29	33	20	66
Over 100,000 FRw	10	15	95	53	41	44	60	17

2.4.8 Ease of entry into Business in the Informal Sector

Normally it is easy to enter into small business, because there is no bureaucracy and only small capital is needed. However, in the districts of CoK, the study showed there was some difficulty in starting businesses. For example in Kanombe, Nyarugenge, Nyamirambo and Gikondo, the study revealed that it was extremely difficult to start businesses. In other districts like Butamwa there was relative ease of starting business.

Easy of entry to Business



Various reasons were mentioned as barriers to entering business. The study revealed that the most common barrier to entrance into business was lack of capital. In almost all districts, they mentioned that another constraint to starting business was lack of places /areas to operate, Since district authorities have not set aside areas specifically for operation of businesses and as a result whenever they set up a business they are harassed by city authorities.

Table B.27: Reasons for difficulty in entering Business by district (percentages)

Reasons	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Need big capital	50	58	50	50	53	64	76	73
Registration procedures are long	25	11	6	14	11	6	8	0
Other operators oppose	0	2	11	9	0	6	8	0
Lack of places/areas to operate	25	29	33	27	36	24	8	27

2.4.9 Location of informal sector enterprises in CoK

Figure B10 shows that up to 90% informal sector enterprises in CoK are located in unauthorised areas, scattered all over the city. Figure B.11 shows that most of small businesses are either located in residential areas or on open space. In Butamwa district, for example, 100% of informal sector businesses operate in residential areas. Only in Nyarugenge district does a large percentage of the informal sector enterprises 63%, operate in commercial areas, because this district is in the centre of the city.

Figure B.10 Authorised and unauthorised location of businesses

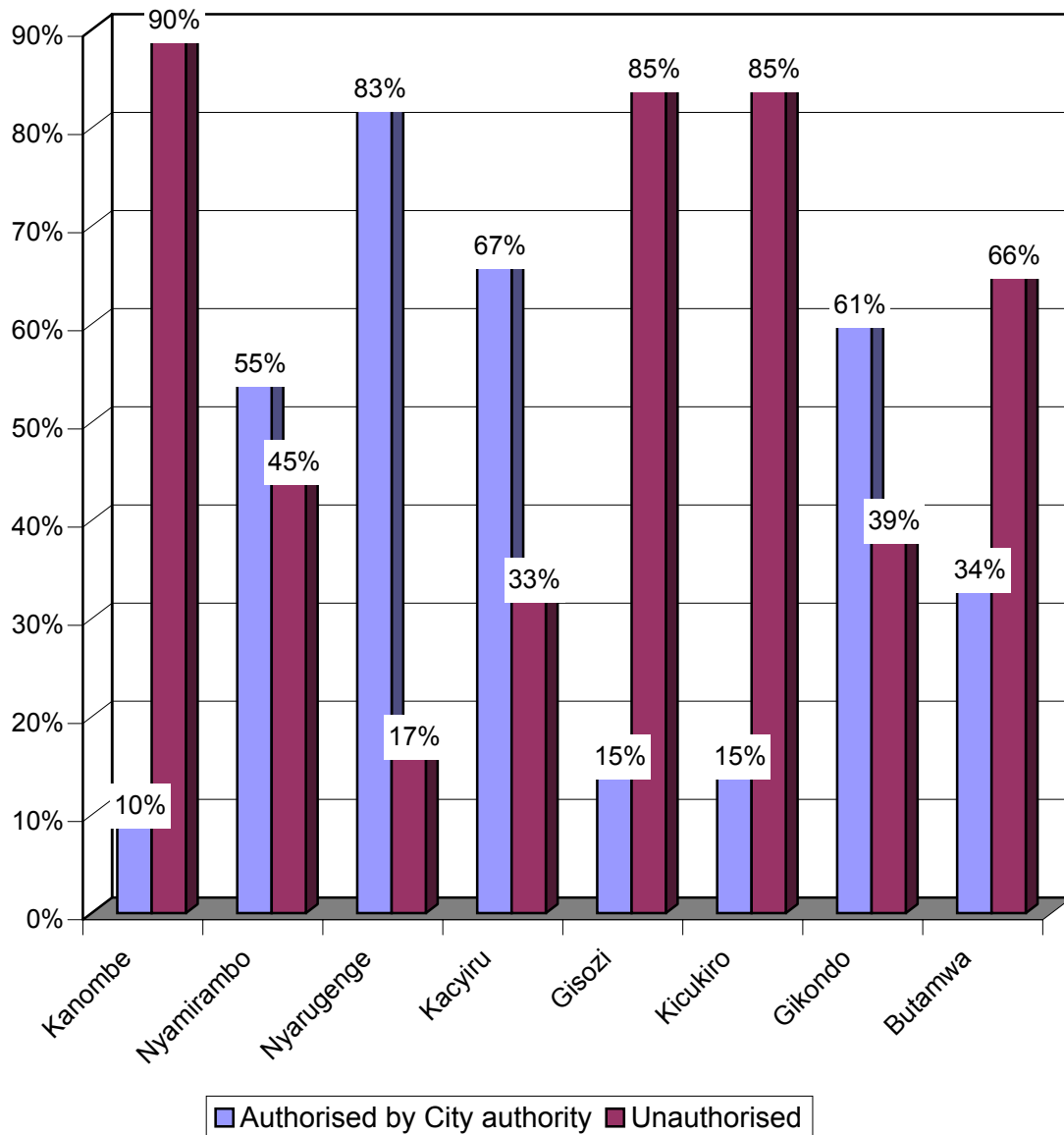
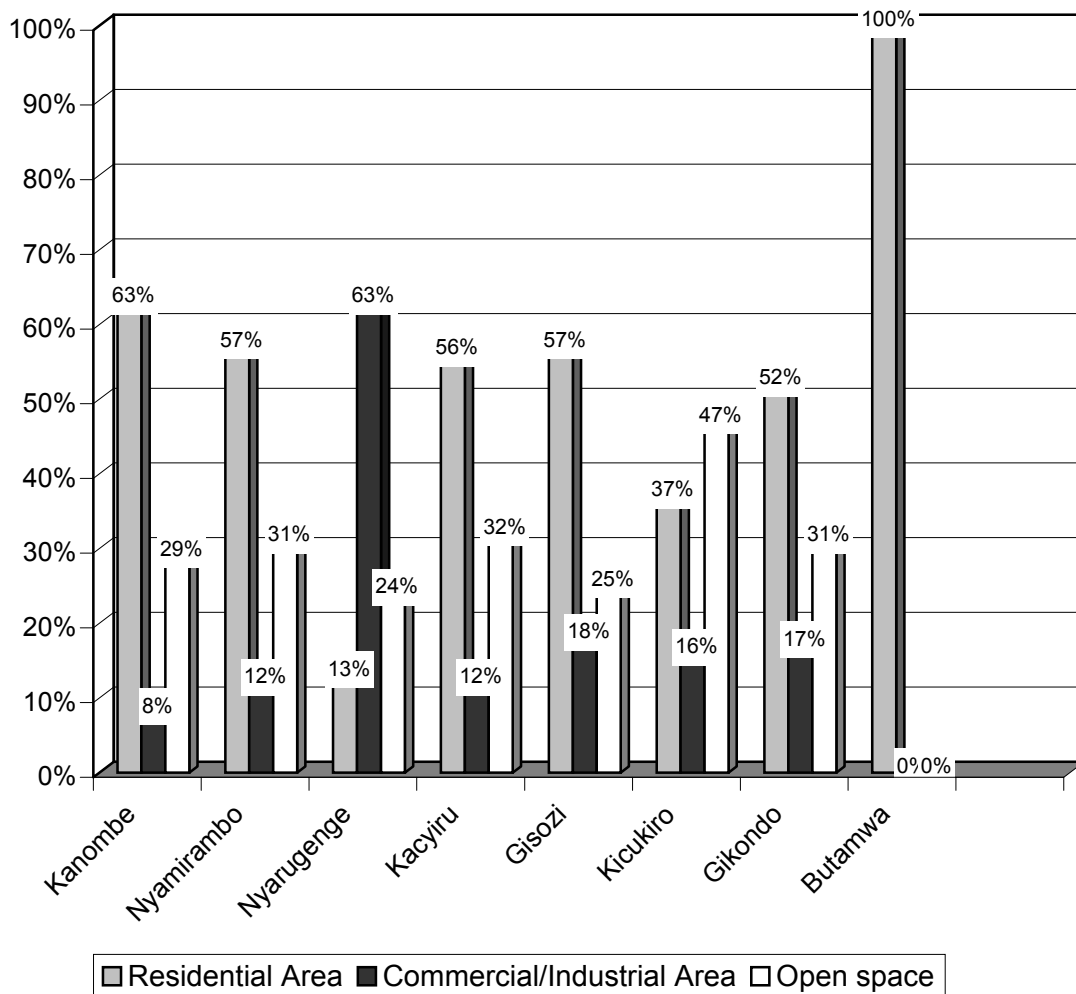


Figure B.11; Location of businesses



The study revealed several problems faced by small- scale businesses related to operating in unauthorised areas. These problems included harassment by the city authority which is more pronounced in Nyarugenge where it was reported by 30% of the small - scale businesses. Other problems which are faced by almost all businesspeople in all districts include poor infrastructure, and few clients.

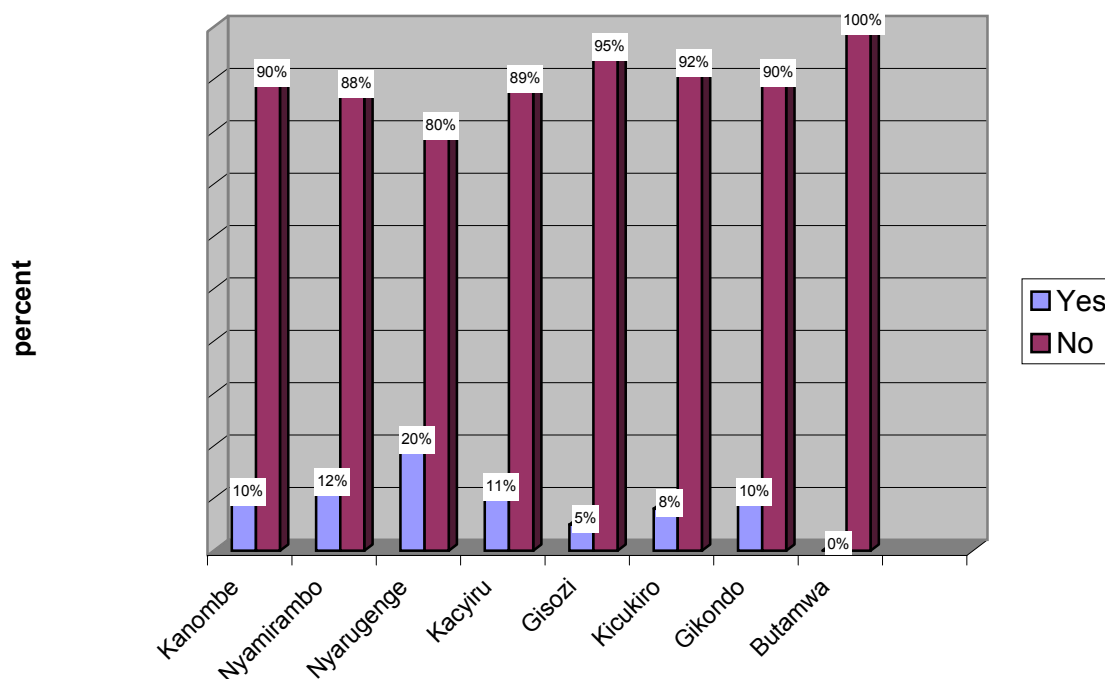
Table B.28 Problems faced by informal sector enterprises when operating in unauthorized areas (percentages)

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Harassment by City Authority	15	11	30	20	4	5	6	0
Poor Infrastructure	45	56	30	60	44	65	58	45
Few clients	32	33	40	20	52	30	36	55
Others	8	0	0	0	0	0	0	0

2.4.10 Financing of the Informal sector enterprises in CoK

The study analyzed the sources of financing informal sector enterprises. It was revealed that more than 80% of all informal sector enterprises did not have access to credit in all districts in CoK.

Figure B.12: Access to credit by informal sector enterprises



The study also identified what were the sources of financing the informal sector.. Three main sources of finance were identified, namely Owners equity; - this was the main source, whereby table B.30 shows that , up to 84 percent of informal sector enterprises in Gisozi district, 83 percent, in Kacyiru district ,80 percent, in Butamwa district were financed through individual/Owners equity. Other sources of finances included the contribution from family and few loans from either credit Societies /Associations or Banks.

Table B.29 Financing of small businesses (percentages)

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Loan from Bank/Credit society	12	12	20	11	5	8	10	0
Owner's Equity	62	73	55	83	84	72	44	80
Family contribution	26	15	25	6	11	20	46	20
Any other sources	0	0	0	0	0	0	0	0

2.4.11 Source of loan for the informal sector in CoK

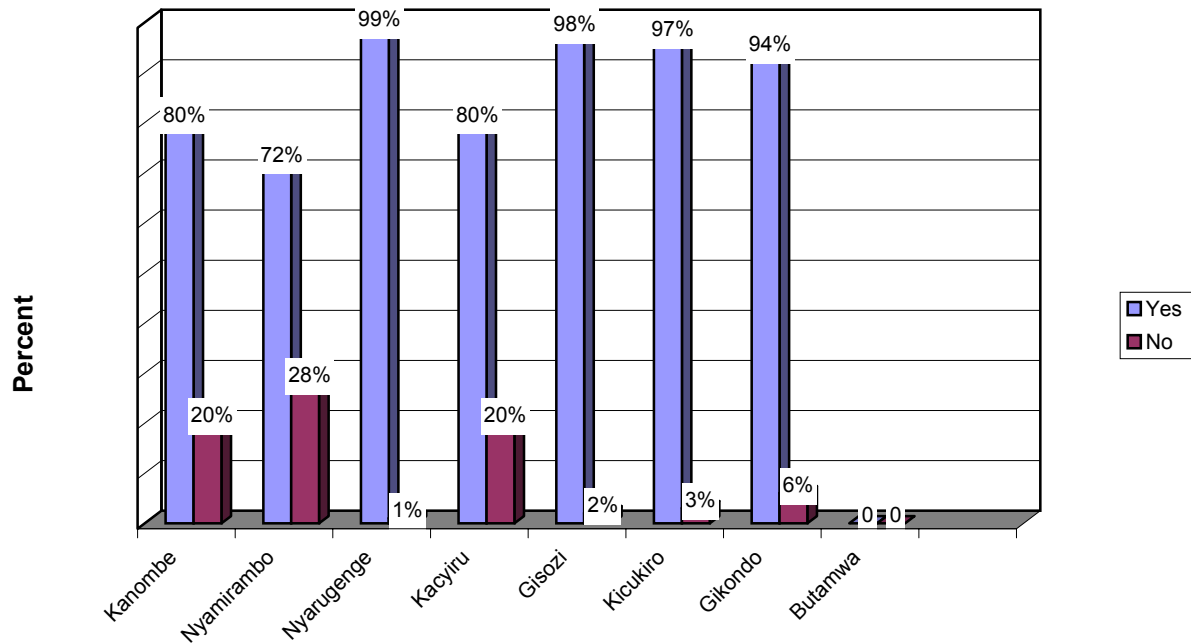
Table B-30 shows that in the case of those who did receive loans, most of the credit came from associations which they formed in the district. Some credit, particularly for women came from banks particularly COPEBU which assists women to improve their living standards. Other credit came from friends. At Butamwa district the businesspeople did not borrow because the district was only recently included in the CoK.

Table B-30 Source of loans for informal sector

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Bank/Credit society	20	15	35	23	5	5	5	0
NGOs	0	0	0	0	0	0	0	0
Associations	45	58	50	67	85	90	85	0
Friends	35	27	15	10	0	5	10	0
Others	0	0	0	0	10	0	0	0

This implies that there are very few credit facilities available to small businesspeople. The study shows that of those who managed to get credit a big percentage in all districts were able to pay back the loans.

Figure B.13 Ability to repay the loan



2.4.12 Marketing of products from the Informal sector

The study reveals that the informal sector enterprises do not have any outlets to sell their products. Ninety-nine percent (99%) of products from informal sector enterprises in Butamwa district do not have any organized outlets, 95% in Kicukiro and Gisozi districts, 94% in Kacyiru district and 93% in Kanombe district.

Figure B.14 Outlets for products

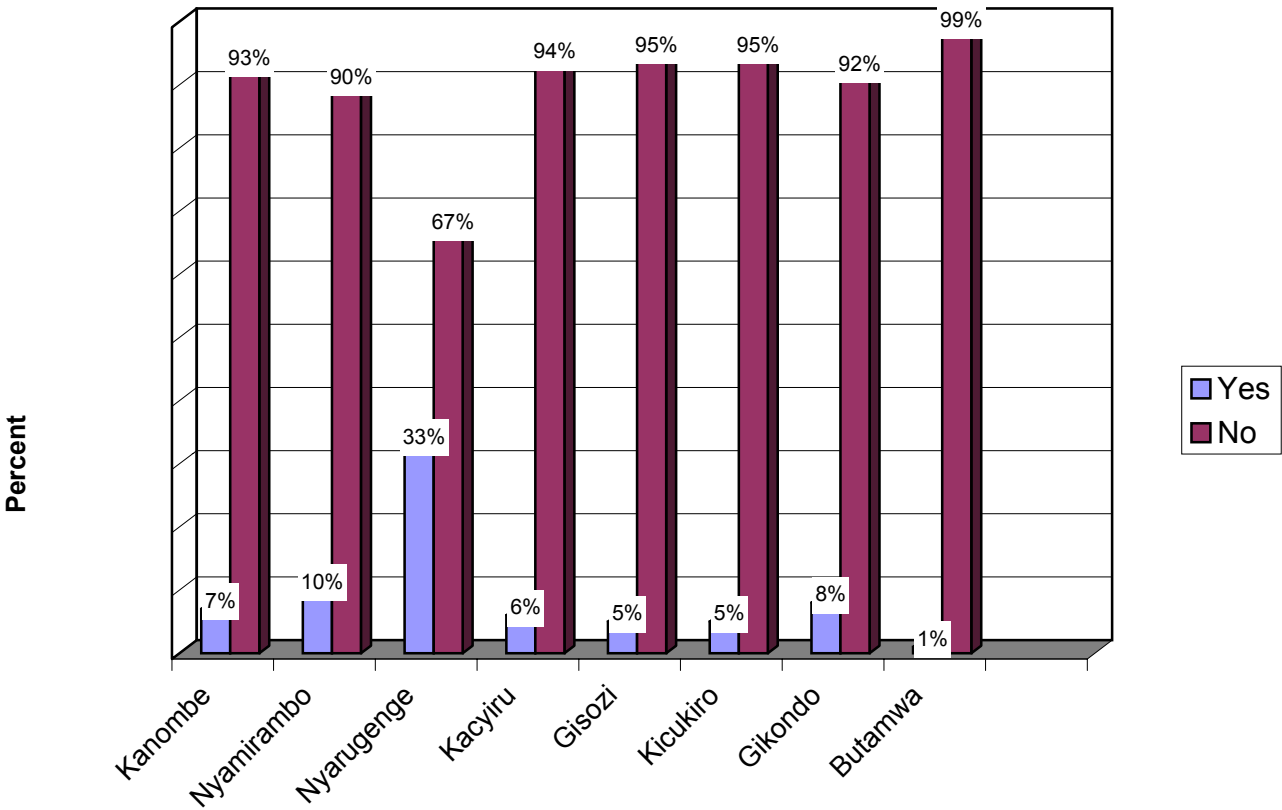
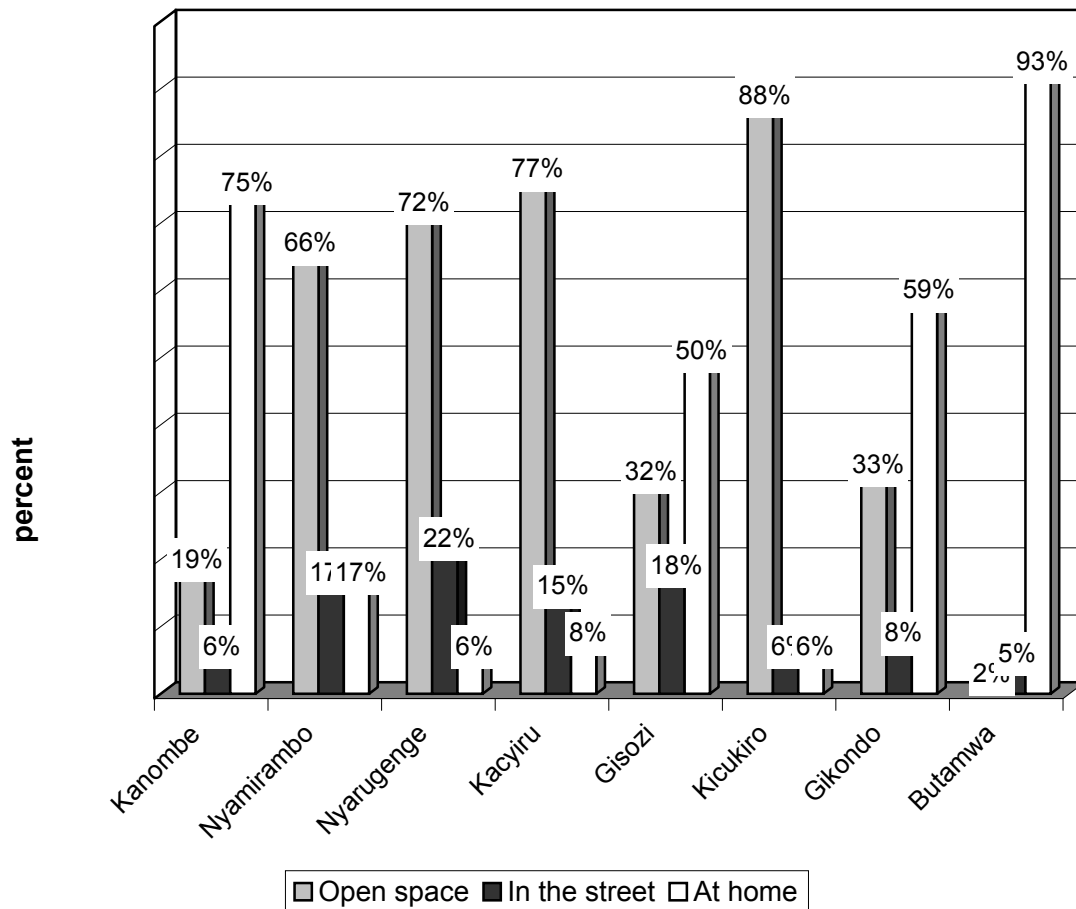


Figure B-15 shows that most of the informal sector products are sold in open spaces in the districts, or in the street (the Batembezi), or at home.

Figure B.15: Place of selling products



1.14: Informal sector enterprises' access to infrastructure

The study examined whether the informal sector had access to the following infrastructure: clean water, electricity, road (tarmac), telephones and toilets.

Table B31 reveals that most of the infrastructure in all districts is reasonably accessible, because most of the businesses are operated from residential homes. However, the big problem was availability of toilets particularly in Nyarugenge district and Gisozi, where only 20% and 10% of the interviewed businesspeople have access to toilets. Butamwa district has no telephones.

Table B-31: Access to infrastructure by informal sector enterprises in Kigali (percentages)

Access to	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Clean water	63	80	83	78	62	86	86	60
Electricity	67	75	89	78	60	65	69	58
Road (Tarmac)	55	66	73	42	48	43	50	30
Telephones	45	55	63	58	48	61	45	2
Toilets	60	65	20	70	10	30	55	12

2.4.13 Level of education of informal sector entrepreneurs

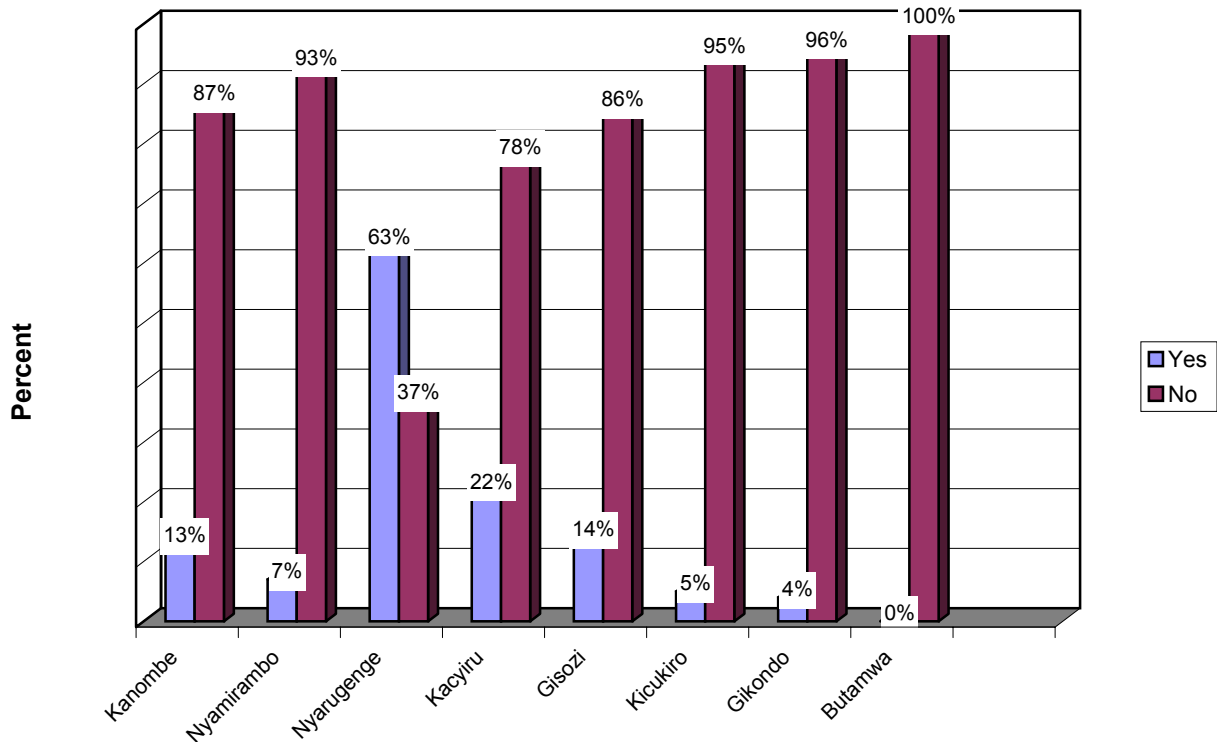
The study revealed that most informal sector entrepreneurs are primary - school leavers. Table B-32 shows that up to 76% of informal sector entrepreneurs in Kanombe are primary - school leavers, 18% are secondary - school leavers, and 5% have no formal education. In Butamwa district, 67% are primary - school leavers and 31% have no formal education. In general, in all communities, those who are involved in informal sector enterprises are either primary school leavers who have not managed to secure a job or people with no formal education at all.

Table B-32 Level of education of entrepreneurs in CoK (percentages)

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Primary school	76	55	35	60	65	60	55	67
Secondary school	18	31	40	20	13	12	15	2
Vocation School	0	2	14	12	5	3	2	0
University Level	1	0	5	0	0	1	15	0
No formal Education	5	12	6	8	17	24	27	31

The study also inquired if the informal sector entrepreneurs had undergone any training in management or technical skills. Figure B-16 reveals that most of the entrepreneurs in the districts had not undergone such training. However, in Nyarugenge, 63% of the respondents had undergone some technical training.

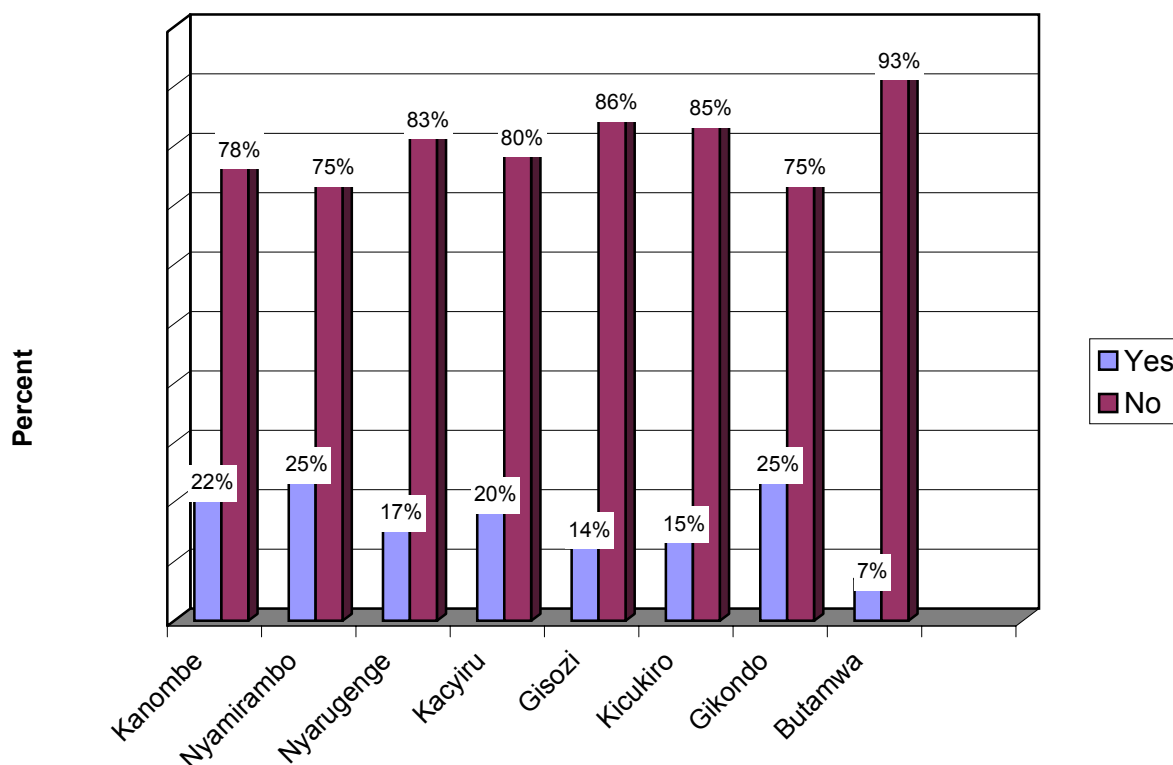
Figure B.16 Training in management or technical skills



2.4.14 Availability of machinery /equipment

The study investigated the availability of machines/equipment needed by small - scale businesses to process their products. Figure B-17 shows that there were very few machines owned by informal sector enterprises, and between 75% and 93% of small - scale businesses did not have equipment in all districts. The informal sector enterprises therefore use crude methods of producing their products, which affects the quality.

Figure B.17 Availability of machinery/equipment for the enterprise



2.5 Problems as prioritized by informal sector enterprises in CoK

In the study, the informal sector enterprises were requested to state their problems and prioritised them according to seriousness.

Table B-33 Problems ranking by district

	Kanombe	Nyamirambo	Nyarugenge	Kacyiru	Gisozi	Kicukiro	Gikondo	Butamwa
Lack of credit	1	2	2	1	1	1	1	1
Lack of permanent place	2	1	3	2	2	2	2	2
Lack of markets (Customers)	3	5	1	4	3	5	4	3
Lack of management skills	4	3	5	5	5	4	5	5
Levies	5	4	4	3	4	3	3	4

Note: Ranked according to seriousness, No. 1 becomes the most serious
(See Appendix B-3: constraint and solutions for different categories of informal sector)

2.6 Recommendations for the CoK's strategic Policy

2.6.1 Institutional Arrangements

(a) The CoK should ensure that the right institutional arrangements are in place. Such institutional arrangements may include formulation of a policy framework and strategies to address the constraints, which have been identified as impeding the growth of informal sector enterprises in CoK. This policy will put forward some new institutional approaches to encourage and give better support to informal sector entrepreneurship and also to impose the delivery of services to informal sector enterprises.

(b) Formation of an informal sector enterprise organisation to oversee the implementation of the informal sector policy, eg forming a small business council.

2.6.2 Regulatory Environment

Normally, regulations set out the rules of the market place in areas such as licensing and zoning, business practices, product quality, safety standards, public health and even environment protection. Nevertheless, the scope, complexity, and rigidity of regulatory processes can cause concerns. Regulations on business activities are often seen as interference that prevents enterprises from getting on with the job.

Informal sector enterprises, in particular, find that regulations are complicated, and that complying with them takes too much of their time, effort and money, and they do not serve a useful purpose particularly if they are complex and rigid. Hence regulations should be flexible, and simple.

2.6.3 Education, training and informal sector entrepreneurship development

Education and training have a vital role to play in the development of entrepreneurial movement, motivation and skills. As the study revealed, most people involved in informal

sector enterprises are primary - school leavers or people with no formal education at all, moreover, these informal sector entrepreneurs have not undergone any management/technical skills training. A plan should be made to train these entrepreneurs, particularly those who are organised in associations. As a long - term strategy, a close collaboration between the informal sector and educational institutions should be adopted, e.g. giving of entrepreneurship courses in ETOs or organising short-term courses on entrepreneurship to unemployed youth/women, etc, in CoK.

2.6.4 Access to finance

Access to finance is the most critical issue for informal sector enterprises. Many informal sector enterprises lack the necessary financial equity to start a business or to expand an existing one, many lack working capital to keep the business running, and they normally borrow from either family or friends (sources that are soon exhausted). Most financial institutions are averse to providing credit to informal sector enterprises for a variety of reasons, including lack of, collateral, insufficient equity contribution of owners, inadequate management records, lack of or poorly prepared, business plans, and the negative perception which financial institutions generally have of the informal sector enterprises. The CoK authority should identify or form a financial institution which will provide small loans to informal sector enterprises without demanding collateral, particularly if the entrepreneurs are organized as associations or co-operative societies.

Since micro enterprises have no formal sources of finance, and they have been unable to secure adequate finance, CoK should improve their ability to generate funds, e.g. through efficient tax collection, and use part of the funds to finance the informal sector enterprises, as a means of improving the capacity of small businesses.

2.6.5 Market opportunities and location of micro business

Lack of market opportunities as well as limited awareness to market information has always been a major constraint to small businesses developed in Kigali City. The CoK should promote linkages between informal sector and the formal private sector so that their products can be feeding the formal private sector as raw materials.

CoK should try to locate a place in every community and put all necessary infrastructures (like water, telephones, toilets, and first aid centre) and charge a reasonable rent to small businesses to operate there, instead of harassing the informal sector enterprises, without locating a place for them.

CoK should link small business entrepreneurs with government institutions (especially if the entrepreneurs are organised by associations or co-operative societies) so that they can tender, e.g. supplying of office equipment, maintenance of cars, welding works.

2.6.6 Technological support

The technological needs of informal sector enterprises are extremely diverse, reflecting the wide range of products and services that are provided by the enterprises. At one end

of the spectrum, there are some high – tech small businesses which need the most modern technology to compete effectively in provision of services (e.g. internet cafes). In contrast to these businesses, in CoK there are some micro enterprises which rely upon labour- intensive and low - skill operations and are unable to obtain, let alone to afford, basic technology.

It is more realistic for the CoK to provide support for the labour- intensive and low - skill operations rather than for high technology small business. The CoK should attempt to encourage innovation and the acquisition, adaptation and dissemination of technology to micro business. The CoK can use its ETOs and particularly Kigali Institute of Science, Technology and Management (KIST) for that purpose.

2.7 Roles of different stakeholders in developing the informal sector enterprises in CoK

2.7.1 The Government Role /CoK authority

According to the above-mentioned strategy, the role of government/ CoK will be exercised in the field of creating favourable conditions for the development of the sector, and formation of the regulations/ legal framework of the existence of informal sector enterprises. The major government / CoK role will be:

- To identify and analyse the constraints to the development of the informal sector, and consistently adapt intervention mechanism to the problems that need resolution concerning the socio- economic issues of the informal sector operators;
- To establish conditions that allow the development of the informal sectors, e.g. provision of location where they can operate, with necessary infrastructure, reduction of taxes and other levies, provision of credit facilities, provision of information of where to obtain equipment and tools, etc;
- To favour informal sector development by arranging appropriate training, equipment, raw material supplies and market;
- To establish necessary infrastructure for the sustainability of the informal sector;
- To provide active assistance to the co-ordination of the promotion actions of informal sector development;
- To sustain, evaluate and keep statistics of different programmes and projects for the informal sector;
- To provide structures for an organisation of informal sector enterprises;

- To incorporate the existence of the operation of the informal sector in the future plan of government / CoK (city plan).

2.7.2 The role of informal sector enterprises as economic operators in CoK

Informal sector operators are among the actors in socio- economic development of CoK. They have a great role to play in finding the solutions for day-to-day socio- economic problems.

They have a great responsibility to define their needs, rank them by priorities necessary for aid, and seek support to complete their effort.

They have a major role to play in the planning of development activities for the informal sector in CoK.

For the informal sector operators to become true partners, they have to organise themselves into co-operative bodies or associations so that they can have better representation at district level, regional and national level.

Organising themselves in co-operatives or associations can strengthen their capability of obtaining funding.

To follow the legal framework or regulatory procedures established by CoK especially on licensing, and registration, location of operations, health and safety requirements, environmental conservation, etc.

2.7.3 Roles of other stakeholders in informal sector development in the CoK

Other stakeholders include NGOs, and donors who are operating in the communities of the CoK. These constitute the driving force for development of the informal sector. Considering the importance of their resources, they have a role to strengthen the capacity of the informal sector by advising and giving both technical and financial assistance. They may be called to bring their assistance to the informal sector, in the fields of training, commercialisation, project studies, research, organisation and capacity building.

SECTION 3: POVERTY REDUCTION ISSUES AND STREET CHILDREN

3.0 INTRODUCTION

Not declared	0.1	0.0	0.1	104
Total	76.4	23.6	100	131,106

Source: PNUD: Schema Directeur de la PVK Horizon 2020

WORKING POPULATION AND EMPLOYMENT LEVEL

Poverty is a phenomenon, which hits different parts of the world with varying degrees of acuteness. Even within countries, poverty affects different regions differently. In most Third World countries the majority of the population lives in dire deprivation, without access to basic services such as health, education and housing facilities.

In Africa, poverty is more hard-hitting than elsewhere, particularly in sub-Saharan Africa, where governments plead constantly for economic aid from developed countries.

Rwanda is one of the poorest countries in the world. The 1990 – 1994 war and genocide, which caused basic government and social structures to break down and the economy to deteriorate, aggravated the situation. In Rwanda today, poverty is an urban phenomenon as much as it is a rural one.

In 1985 about 40% of the total Rwandan population lived below the poverty line. During the early 1990s, diminishing agricultural productivity and the decline in international coffee prices caused a significant reduction in per capita incomes. By 1993, 53% of the population was living below the poverty line. The war and genocide, contributed to a dramatic increase in poverty, with the proportion of households below the poverty line rising from 53% to 70% between 1993 and 1997. Since then, the country has been recovering. The latest estimate of the proportion below the poverty line is 65%. (MINECOFIN, PRSP November, 2000)

The Interim Poverty Reduction Strategic Plan for Rwanda (IPRSP November 2000) summarises the poverty plight of Rwanda in the following way:

The genocide and civil war of 1994 destroyed the country's social fabric and further weakened the state apparatus and institutional capacity. It also undermined confidence among Rwandans themselves and vis-à-vis the state. Rwanda recognises the need to establish a strong and effective state, which creates an enabling environment that is inclusive of all social groups as part of the transition to peace and political stability. The process of national consultations that has evolved with national unity and reconciliation and on how best to forge partnerships for poverty reduction is a way forward in our transformation of Rwanda into a democratic society.

Genocide added to and created specific problems which include: destruction of economic and social infrastructure and the productive apparatus undermining confidence of the population, multiplying the number of vulnerable people, and eroding

an already weak human resource base. It also affected the demographic structure, resulting in increased numbers of women headed households and minor headed households; high incidence of trauma; high prison population; large numbers of internally displaced persons who lack shelter; increased incidence of poverty due to widespread loss of capital stock and labour; weakened social networks; and created an acute need for political development to achieve rapid reconciliation and forge a new sense of national identity.

The GDP of Rwanda is about US\$ 1.8 billion, of which agriculture contributes some 45% of GDP, 91% of employment and 72% of exports. There was considerable growth of the economy immediately after the genocide as a result of post-genocide recovery. Real GDP, which declined by 50 % in 1994, rebounded by 34% in 1995 and 16% in 1996, and continued its rapid expansion, growing by 13% in 1997 and 10% in 1998. The preceding collapse made attainment of rapid growth possible in the immediate aftermath of the 1994 events due mainly to the huge inflow of emergency and humanitarian aid

The main elements of the medium term macroeconomic programme are to: achieve annual average GDP growth rate of at least 6% a year; gradually reduce the current account deficit (excluding official transfers) from 16.8 % of GDP in 2004; maintain the level of gross official reserves at a level of at least 6 months of imports; and to increase the ratio of revenue to GDP by half a percentage point per year. To achieve these objectives, the level of productivity and investment have to increase.

While the traditional belief is that poverty is a rural phenomenon, it is as much an urban phenomenon in Rwanda. Most CoK residents are affected by both absolute and relative poverty. CoK is surrounded by very steep terrain and by seasonal and natural rivers and streams which have become on one hand features of attraction to migrants from rural areas, since they can find cultivable land and therefore a source of livelihood. But on the other hand, they have become obstacles for a direct link between CoK and its periphery, thus hindering an easy and direct source of cheap food and other sorts of exchange, and thus denying a chance to both city and rural dwellers. This has also escalated the poverty levels.

The purpose of the study on street children was to find out the magnitude and seriousness of the problem, the underlying causes, alternative strategies of tackling the problem and identification of partners that the CoK has liaison with for effective implementation.

3.1 DEFINING POVERTY AND POVERTY ALLEVIATION

Poverty is a dual concept covering both relative and absolute poverty. Chambers defines absolute poverty as lack of food, cash and assets. It is a state characterised by disease, illiteracy, malnutrition and squalor. It is a condition in which the overall needs of the individual are not satisfied due to lack of purchasing power or means of self-provisioning.

Relative poverty, on the other hand, means that the poor, while not starving are nevertheless deprived of many of the goods and services which others take for granted (Chamber 1983).

According to Glewwe and Gaag (1990), poverty refers to lack of physical necessities such as food and clothing, assets and income. It is perceived as a problem when levels of disposable income and resources are inadequate to support a minimum standard of living. In terms of commodity possession, the minimum includes some defined quantity of house accommodation, medical care, education, food, leisure, the apparatus of sanity, convenience and safety where work is carried out.

Galbraith (1979) simplified the definition of poverty to a state of deprivation. Deprivation, however, takes several forms: it may be personal, economic, social, cultural or political. Ssewaya and Bevan (1995) contend that personal or physical deprivation includes deprivation in terms of health, nutrition, disability, human capital, emotional deprivation and lack of confidence.

Economic deprivation is mostly used to assess poverty; it focuses on deprivation in terms of income, assets, and access to markets, access to public facilities and environmental resources. Social deprivation involves barriers to full participation in social, political and economic life. Cultural deprivation is seen in terms of beliefs, knowledge, value, information and attitude while political deprivation would mean people are deprived of a political platform or space at the local or national level.

For the purpose of this study we take the views of Ssewaya and Bevan(1995) and define the two concepts in the following ways:

- Poverty is the absence of capacity to derive minimum satisfaction from the social, political, and economic aspects of life;
- Poverty alleviation, on the other hand, is a process of efforts in defining and finding solutions to poverty and implementing these solutions.

3.2.1 DEMOGRAPHIC CHARACTERISTICS

The population in the CoK has been growing over the last two decades, but it took a new growth trend after the 1994 war and genocide when there was a dramatic rise in the population caused by the return of Rwandans from various parts of the world. Most of the returnees tended to go to the capital where there was considerable security.

After the war, the population of CoK almost doubled, but the facilities and services of the city could not grow at a considerable rate, given the fact that the war brought most of the activities to a standstill and there was an enormous loss of lives and property. The challenges for poverty reduction are therefore very high.

Family composition and size

Kigali City is estimated to have 131,106 households and a total population of 604,966 inhabitants. The average size of the household is therefore 5 persons (76.4%) heads of households are male while 23.6% are women. The age groups of heads of households are indicated in Table B36.

TABLE B.36 Heads of household by age group

Age of head of household	Male %	Female %	Total %	Total heads of household
15 – 19	0.8	0.2	1.0	1,043
20 – 24	6.2	1.6	7.9	8,548
30 – 34	16.4	4.1	20.5	22,310
35 – 39	13.8	2.8	16.6	18,035
40 – 44	9.8	4.0	13.8	15,065
45 – 49	7.3	2.3	9.7	10,529
50 – 54	4.1	1.9	6.0	6,516
55 – 59	2.3	1.8	4.2	4,535
60 – 64	1.1	0.9	2.0	2,189
65 – 69	1.1	0.6	1.6	1,773
70 – 74	0.5	0.5	1.2	1,355
75 and above	0.8	0.5	1.2	1,355

The active labour population (aged 10 years and above) in CoK is 56% constituting the employed, the unemployed and those searching for employment in CoK. The unemployed population constitutes 53.5% of the active population. This scenario portrays a high level of unemployment in an urban environment that requires income for survival in the city.

3.2.3 EDUCATION LEVELS

The survey shows that 10% of the population in CoK aged 7 years and above has never had any formal education, 54% have had primary education and 5% have post-secondary education.

Table B.37 Levels of education for people above 7 years

Percentage above 7 years of age	Level of education
10	No formal education
54	Primary education
26	Secondary education
5	Post-secondary education

Source: PNUD: Schema Directeur de la PVK Horizon 2020

The level of education is extremely low, suggesting that the majority of the urban dwellers lack the knowledge and skills to work productively in an urban environment. Most of the people lack the capacity to utilise available and useful information to reduce the poverty that permeates their lives.

3.2.5 Household Income Levels

In the CoK Master plan 2020, the household revenue earned both from the principal sources of household income and other secondary sources of income is reported to be extremely low. Indeed, 49.8% of the households in CoK earn total monthly revenue of less than 50,000 FRW, 22.6% earn between 50,000 and 100,000 FRW, 9.9% earn between 100,000 and 250,000 FRW and only 3.7% earn more than 250,000 FRW. The table below shows different income level categories in CoK.

Table B.39 Household income levels

Total household monthly income	Total	%
No income	1573	1.2
Less than 10,000	7211	5.5
10,000 – 30,000	28056	21.4
30,000 - 50,000	28450	21.7
50,000 – 100,000	29630	22.6
100,000 – 150,000	7473	5.7
150, 000 – 250,000	5506	4.2
250,000 – 400,000	3015	2.3
400,00 – 500,000	656	0.5
500,0000 – 1000,000	786	0.6
Over 1000,000	393	0.3
Not declared	18355	14
Total	131106	100

Source: PNUD: Schema Directeur de la PVK Horizon 2020

3.2.7 SHELTER

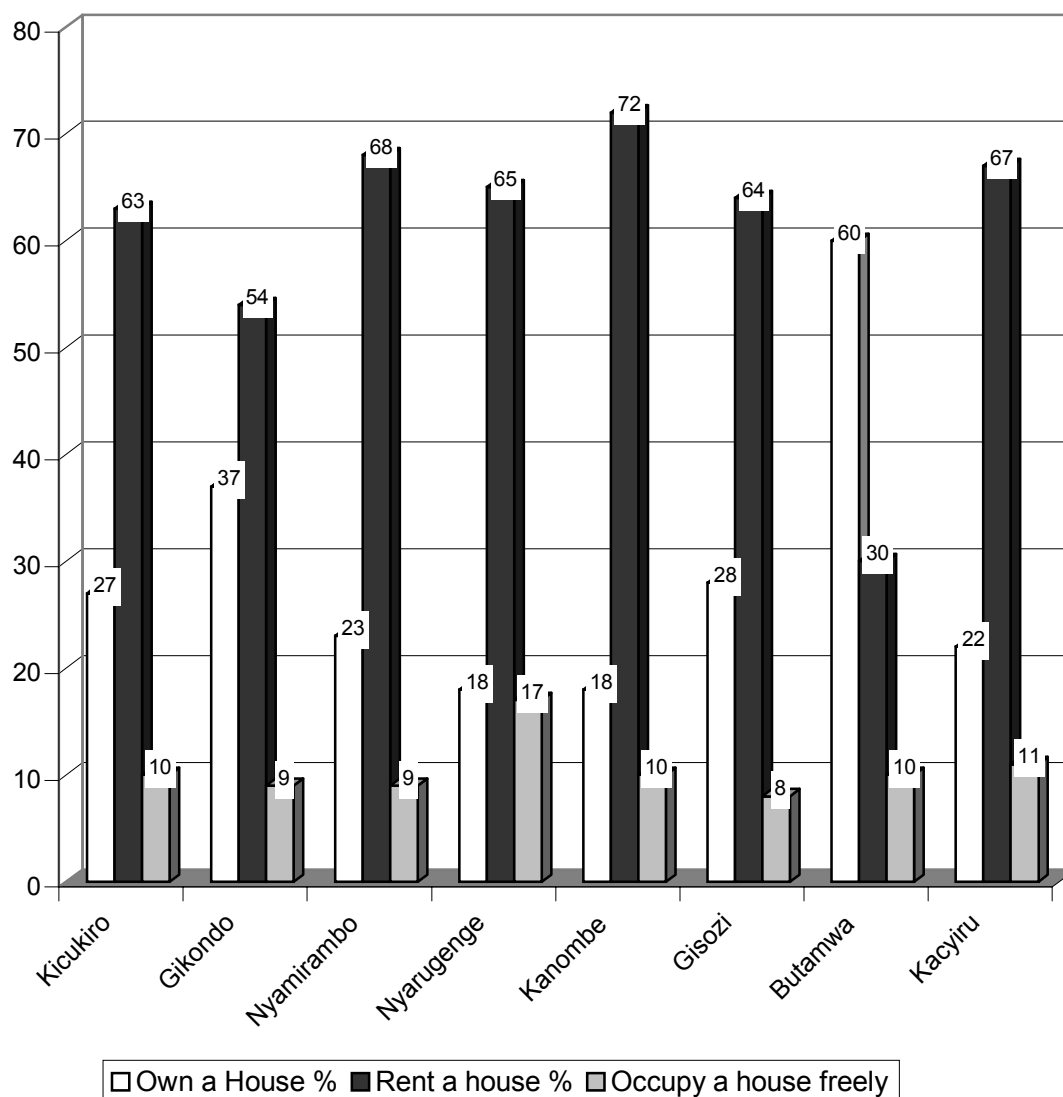
It is indicated in the Kigali Master Plan 2020 that there is a great discrepancy between the demand and offer of plots of land for construction of houses in CoK. Since 1997, CoK has registered 3,787 applications for plots of land and only 1,291 plots have been given out, which shows that the CoK does not have the capacity to meet even a half of the demand for land. Within the same period, only 600 authorisations for construction have been issued for the 1,291 plots given out.

3.2.8 HOUSING

The survey reveals that 13% of houses are constructed from durable materials, 50% from semi-durable materials and 37% from non-durable materials. The houses in a “good” state are estimated to be 17% while those in a fair state are 49% and 34 % are in a “horrible” state.

Most of the people that rent houses expressed fear and tension as most of the time they do not have cash to clear the rent. On the other hand, people staying in free houses are very insecure. Some are caretakers of houses that belong to relatives and friends who are away, others seek accommodation from relatives or friends while some few occupy houses whose owners have not taken them up since the end of the war.

Figure B-22 Status of house occupation in CoK



It was reported that 87% of the houses have roofs of iron sheets and 13 of tiles. The walls are made of mud for 13% of the houses, mud bricks 65% of the houses, burnt clay bricks with cement for 22% of the houses. Majority of the urban dwellers (71%) do not have their own houses and are unemployed; this is heightening their poverty situation. There are various reasons that unable people unable to put up houses, those mainly put forward centre on lack of and/or low income, or lack of a plot of land plus the highly priced construction materials.

Most of the respondents (82%) strongly called on government to mobilise resources in order to address the housing problem. The recommendations given include offering housing credit, construction of public houses and a significant reduction of costs of construction materials.

3.3 HEALTH INFRASTRUCTURE

The health infrastructure in CoK is made up of 2 hospitals (central Hospital of Kigali and King Faycal Hospital) and various health centres and clinics scattered in the health districts of Remera and Muhima that make up CoK.

Table B.42 Distribution Government Health Infrastructure

Health District	Health Centres	Intake Capacity (No of beds)
Remera	Kicukiro	20
	Remera	Under construction
	Kagugu	6
	Gahanga	15
	Masaka	20
	Rubungo	20
	Kinyinya	30
Muhima	Kabusunzu	32
	Kacyiru	19
	Gikondo	No hospitalisation
	Gitega	12
	Biryogo	No hospitalisation
	Butamwa	7
Total	13	181

Source: PNUD: Schema Directeur de la PVK Horizon 2020

The Kigali Central Hospital (CHK) is the only government hospital, receiving patients from within Kigali and from other regions within the country. Considering that CHK has only 511 beds, each bed must accommodate 1,184 persons, if we take only the population of CoK that is estimated at 604,966 in habitants. The average rate of occupancy is 93%, but in certain departments such as paediatrics and obstetrics, the occupancy far exceeds 100%. The number of doctors in CHK is 53, that is 1 doctor for 1,414 Patients. King Fayçal hospital (a private hospital) which has an intake capacity of 261 beds has a low occupancy rate of less than 50%.

The problem of constant and adequate water supply to CHK remains a critical one.

Concerning private health facilities, 92 dispensaries and clinics were registered in the districts that make up CoK, however only 22 of which have capacity to hospitalise.

The majority of the respondents in the study indicated that the health services infrastructure was highly inadequate with 33% of the respondents travelling an average distance of 3.5 kilometres to reach health services. 37% move 1 to 2 kilometres while only 30% move less than a kilometre. The health facilities in the areas include health

centres, dispensaries and clinics. The health facilities offer basic services of medical treatment, vaccination, and maternity services. It was indicated by 40% of the respondents that they do not use the health services, especially clinics, mainly because they are expensive. People resort to self-medication by buying and using cheap drugs from clinics while a few indicated using certain herbs.

Table B.43 Importance/use of health facilities in CoK

	Health Centre %	Dispensary %	Hospital %	Clinic %
Kicukiro	18	42	2	38
Gikondo	23	18	6	53
Nyamirambo	18	11	10	61
Nyarugenge	23	31	5	41
Kanombe	16	12	10	62
Gisozi	32	15	19	34
Butamwa	37	10	27	26
Kacyiru	30	22	12	36

The issue of use of health facilities was a controversial one with some respondents tending to opt not to allocate any importance because they considered proper healthcare a luxury for the well off.

The majority of the respondents (77%) indicated that there were no initiatives/projects to support in the provision of health services and 23% showed lack of knowledge regarding any project in that regard.

Various recommendations were given to improve healthcare. These include: increasing health facilities, training medical personnel, provision of medicine and equipment, sensitising the public on disease prevention and reducing costs for treatment.

3.4 EDUCATION

After 1994, several primary and secondary schools were initiated, mainly by parents. Kigali City has 26 private Nursery schools scattered in different areas. It has 53 primary schools, 16 of which are government schools, 26 Church schools and 11 private. Primary school pupils are estimated at 50,636 while teachers number 1,261 giving a ratio of one teacher for every 40 pupils.

The majority of the secondary schools are private, started by parents. The teachers at secondary level number 886; that is one teacher for every 32 students on average.

3.4.1 TECHNICAL SCHOOLS

Technical schools are classified into two categories.

- Technical schools under the Ministry of Youth, Sports and Culture which give one-year training in the youth training centres. There are two such centres in Kigali City, namely, Gaculiro and Kimisagara. Four other centres are private but are recognised by the Ministry of Youth. Different skills/professions are taught in these schools, which includes mechanics, electromechanics, tailoring, and carpentry.

3.4.2 POST-SECONDARY EDUCATION

Several higher institutions of learning operate in Kigali City. There are three private universities:

- L'Université Adventiste d'Afrique Centrale(UAAC);
- L'Université Laïque Adventiste de Kigali (UNILAK);
- L'Université Libre de Kigali (ULK).

There are four government Institutions:

- Kigali Institute of Education - KIE (Remera);
- Institute of Public Finance - (Gikondo);
- Kigali Institute of Science, Technology and Management KIST(Nyarugenge);
- Kigali Health Institute KHI (Nyarugenge).

CoK has a great need of school infrastructure in general. At the primary level, the problem is critical where the intake capacity far exceeds the standard number of 30 to 35 pupils per class. In certain schools, a single class has 60 to 65 pupils or even 80, especially primary schools. The schools of Kabusunzu, Muhima, Remera Catholic and Sainte Famille are examples of schools with a very high number of pupils.

Kigali education district registered 1,262 students completing the ordinary secondary level while the places available at the advanced level were limited to 300 in the year 2000.

Private schools try to alleviate the problem of inadequate school infrastructure, but they remain very expensive compared to government schools and therefore out of reach for many students.

3.5 CHARACTERISTICS OF POOR HOUSEHOLDS

The Rwanda poverty note 1998 gives the following characteristics of poor households:

- a) Most poor households are headed by women and this is on the rise. The proportion of female-headed households in the population increased from 21% in 1992 to 34% in 1996. The wealth ranking exercise undertaken during the Participatory Poverty

Assessment shows that after the genocide, female-headed households are more likely to be poor than male-headed households. In the same report it is mentioned that children in the female-headed households have a higher probability of malnutrition.

Poor households are also characterised by fewer adult family members. They are likely to have the same household size as non-poor households but they have fewer adult members. The percentage of households considered to be having at least 2 adults fell from 86% before the war to 16% after the war with the remainder headed by widows, widowers, children, the aged and the handicapped. As a result of lack of able-bodied labour, these households are unable to gain significant income to sustain their households. Malnutrition among the families headed by members with low or no education level is high compared to families headed by educated people. While the overall food consumption is lower, the poor households get a higher percentage of their food from market purchases than non-poor households

Poor households are less likely to possess sources of non-agricultural revenue which for non-poor households comes principally from civil service salaries and artisan production and services.

Housing has increased in importance as a criterion for wealth ranking after the genocide due to the destruction of many houses and the need to shelter returnees.

According to the 1996 nutrition survey, families where the household head is over 60 years have a higher probability of labouring malnourished children. However, this is mainly due to many orphans of the genocide living with their grand parents.

3.6 POLICIES FOR POVERTY REDUCTION

Poverty reduction is a central objective of all sectoral programmes in the Interim Poverty Reduction Strategy Paper (IPRSP) for Rwanda. The IPRSP focuses on three major areas: increasing the incomes of the poor; improving the quality of life; and addressing the needs of the most disadvantaged and vulnerable groups (IPRSP, Nov.2000).

Rwanda's Long -Term Vision

The Poverty Reduction Strategy is prepared in the context of Rwanda's long-term vision articulated in the Vision 2020 document which encompasses the following elements:

- Good governance, democratisation, national reconciliation, national political stability, and security, grassroots participation in development and decision-making and an all-inclusive economic system that allows effective empowerment of all social and economic groups in the population and creates an economy of stakeholders;

Macroeconomic stability creation of an enabling environment for private sector development: and reduction of the role of the public sector in economic activity while increasing the effectiveness of the state and the efficiency of government;

- Elimination of human misery and poverty by raising productivity and employment of resources that the poor own and depend on, i.e. labour and land. Human resource development, improving access and quality at all levels of education, capacity-building, non-formal education, improving health standards, preventing the spread of AIDS, malaria, and the rebuilding of social capital;
- Promotion of a service-based economy and knowledge-based production founded on ICT;
- Progressive reduction of Rwanda's dependence on external resources and promotion of exports;
- Promotion of regional economic integration and reduction in the costs of access to ocean ports.

3.7 Proposed approach to poverty reduction and sustainable growth

The IPRSP gives the following as the immediate short-term priorities:

- Policies to increase incomes, employment, labour productivity and rural recapitalisation in all its components. This includes extension services, provision of rural credit and financial services, and support to micro and small-scale enterprises;
- Actions to improve the quality of life of the poor and stabilise lives of the populations in the new settlements (*Imidugudu*) by ensuring access to primary health care, primary education, water, and sanitation, energy and housing;
- Addressing the problems of vulnerable groups in rural and urban areas on a sustainable basis, replacing transfers with sustainable livelihoods and establishing safety nets;
- Creation of training and employment opportunities for the unskilled young and empowerment of the skilled youth to engage in income generating activities.

3.7.1 HOUSEHOLD CHARACTERISTICS

The average family size is 5 people per household. According to the findings, 72.4 % of the respondent households are headed by a man and 20.6% by a woman while 7% by Children (under 18 years of age). The majority of men heads of household are married (81%) and 16% are widowed whereas 3% are single. Among female heads of household, majority are widowed (78%) while 22 are single. The proportion of widows is very high among the women heads of household. The main reason for lack of husband

is the war and genocide but some of the heads of household are caretakers because the husband works far away in different regions of the country.

The study found a significant difference in the education level of men and women heads of households: 62% of the women heads of household had no formal education compared to 26% of the men heads of household. However, there was no significant difference among the education of the girl and boy child at primary level to date.

In general the study found out that the education infrastructure at primary level is fairly well distributed to allow majority of children of primary school going age to be in school. The study however indicated that 17% (boys) and 15% (girls) of primary school going age do not go to school because of lack of schools fees, family problems and lack of parental guidance.

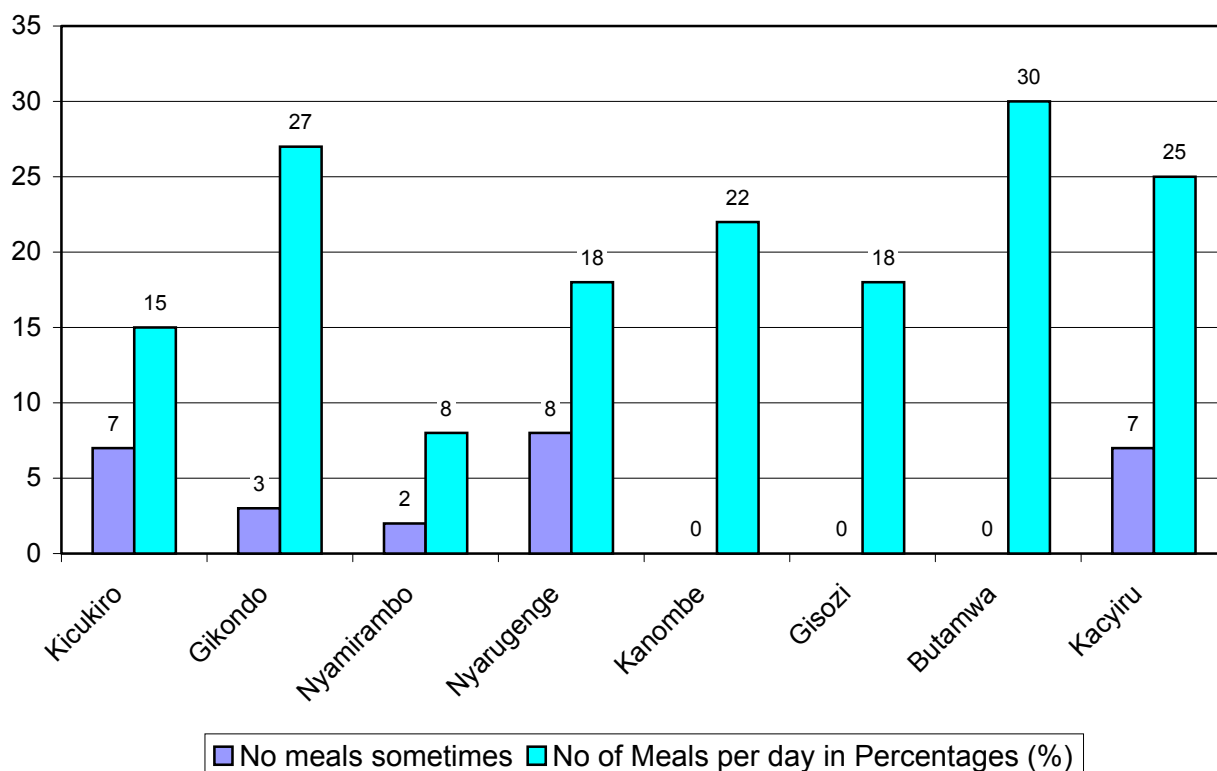
Majority of the respondents (80%) reported lack of any initiatives/projects or interventions to assist in education and a few (20%) declared lack of knowledge of whether there are any projects or not. In order to improve education several recommendations were put forward: 70% of the respondents recommended construction of more primary and technical schools. Of all the respondents, 87% strongly recommended free primary education to encourage and enable parents to put more effort on sponsoring the children in secondary education. Free primary education was viewed to give a firm background to the children that can motivate them to like and struggle for their own higher education.

3.7.2 Nutrition

The study found that the majority of households are underfeeding, with 20% taking 1 meal per day and 53% taking two meals a day. Only 20% of the respondents take 3 meals per day, while 4% go without meals sometimes. The reason given for underfeeding is food shortage caused mainly by lack of food and lack of money to buy it. No incidences were reported of people migrating from the area or dying because of food shortage.

A more subtle problem of nutrition lies in the types of food consumed and taking a balanced diet. The types of food taken include rice, sweet potatoes, Irish potatoes, bananas, cassava, and others. It was indicated by 57% of the respondents that the cost of food at the market is a major determinant of the food consumed by a household. The level of income is therefore closely related to the eating habits.

Figure B.21 Percentage meals per day in households in Kigali City



A sizeable number of respondents (42%) indicated a lack of any plans to overcome food shortages, giving lack of land and helplessness as the major factors that make them unable to take any meaningful strategy against food shortage. On the other hand, 58% of the respondents are adopting strategies such as starting small businesses, gardening at home, borrowing land for cultivation and using improved seeds and fertilizers to boost productivity. It was reported that there is no community intervention to deal with problems of food shortages leaving the individual household heads or members to fend for themselves unaided in a period of high unemployment thus is totally rendering the lives of urban dwellers extremely miserable.

3.8 Empowering the Poor

It was found that 53% of the respondents engage in some kind of trade, 23% in petty paid jobs, 10% in cultivation, 7% in artisan activities and 7% in rearing small livestock. These activities enable the people to have access at least to the basic needs such as food, shelter and clothing but indeed they enable many people have access to social services such as education and health and enable them meet other household needs. People engaged in paid jobs can go without any source of income in many periods of the year as they move from job to job depending on availability.

The respondents voiced various constraints in household income-generating activities: 97% focused on lack of capital, market, assets and labour scarcity; 35% emphasised the high taxes collected as a major hindrance to meaningful business activities. Other

constraints on household income generating activities were found to be insecurity (theft), lack of farm inputs, and knowledge, innovate and improve income-generating activities.

There was found to be a general feeling of inability to plan for poverty reduction meaningfully among the respondents. Indeed, 78% of the respondents said they had no plans to overcome poverty giving reasons such as lack of assets, income, and skills as major factors that render them incapable of making any meaningful poverty reduction plans.

3.9 CONSTRAINTS TO POVERTY REDUCTION

Lack of access to credit facilities was singled out as a major constraint. The effect is that the capital invested is too little to establish lasting and sizeable income-generating activities for alleviating poverty. As most respondents indicated, due to little capital and lack of access to credit, emerging entrepreneurs meet problems early in starting business, forcing them to cease running their income-generating activities. Furthermore, with little capital, profits are small, making it very difficult not only to reduce deprivations in the short run but also to invest for poverty reduction.

Other constraints include lack of skills and knowledge for development and management of income-generating projects.

The impediments to community initiatives were related to the vulnerable position of the people in attempting to reduce poverty. First, scarcity of resources at the disposal of the community impedes significant achievement in poverty alleviation. Second, co-operation within the urban community is lacking and mobilisation is constrained. The major factor cited for poor co-operation is fear of being cheated and lack of mutual trust. Indeed, people indicated having fresh experiences of loss of money in starting joint projects, associations and other similar co-operative ventures.

Grassroot leaders stressed some demotivating challenges in their work that could hinder poverty alleviation. First, working without payment was always put forward. It was said that given the ongoing decentralisation and democratisation programme they have many tasks at hand without any incentives. Disgruntlement at the grassroot level could pose serious poverty alleviation hindrances at the community level. Second, the restructuring of the local administration and physical change of administrative areas has brought in new administrative units in areas without offices and funds to have basic office needs for proper functioning. This is weighing heavily on the community that has to work in such difficult circumstances amid acute poverty.

The study did not find any significant plans at the household and community level to reduce poverty among the community, but respondents in general tended to give three suggestions: working in associations; starting grassroot credit and savings schemes; seeking support from government and Non-government organisations.

Heads of household had a general response on activities they would engage in to earn income, namely, starting small business which to most meant setting up shops to sell

commodities such as soap, sugar and other basic commodities. This showed lack of diversified thoughts and ideas on income generating activities to invest in.

3.10 STREET CHILDREN

The focus of this part is to suggest possible strategies that the CoK can implement in addressing the problem of the street children. The suggested strategies are the result of the study conducted in CoK. The purpose of the study was to find out the magnitude and seriousness of the problem, the underlying causes, alternative strategies of tackling the problem and identification of partners that the CoK has liaison with for effective implementation.

3.11 METHODOLOGY

A qualitative approach that is exploratory and descriptive was used with the main purpose of including all role players and talking with them in their environments. Interviews and focus group were used as tools to gather as much information as possible from the respondents. Interviews were conducted in the CoK that included 4 directors from different centers providing service to street children, and 2 directors from government institutions and 2 directors from non—government organizations. Also, the interview was conducted to two focus groups of children who are still in the streets. The key questions that were asked to the respondents were, what are your opinions regarding the problem on street children in Kigali? What is the magnitude and seriousness of this problem? Do you have any suggestions as to how this problem could be addressed? Who should take responsibility of this problem?

3.12 UNDERLYING CAUSES

Findings from the study conducted in CoK and experiences from other parts of the world indicated that some of the underlying causes that lead to the street children phenomenon are:

- a) Poverty;
- b) Genocide massacre and War;
- c) Family disharmony as a result of society's values having been destroyed following the genocide and war;
- d) Neglect by parents due to alcoholism;
- e) Inability to Cater for the needs of the large family;
- f) Child abuse;
- g) Peer influence;
- h) Separated families;
- i) Sexual abuse of both boys and girls;

3.14 THE MAGNITUDE AND SERIOUSNESS OF THE PROBLEM

It is not known how many street children there are, and so it is difficult to gauge the extent of the problem in CoK. However, youngsters who frequent the supermarkets, hotels, market place and streets of Kigali are highly visible.

After genocide rapid escalation of street children has been noted. Almost all respondents remarked that the number of street children is increasing very fast and because there are no control measures and no involvement of the society the problem will soon be uncontrollable.

Previously it was uncommon to see young adults as street children, and now the trend is that there is an increase of this productive age group seen with babies in the street.

Illiteracy is high among the street children and this makes it difficult for them to realize their potential in contributing to the economic development of the City. The majority of street children in Kigali have never gone beyond primary three. One director of the centers that care for the street children remarked that, “this group of children have given – up, they are the most uncooperative because they think the centers have nothing to offer them. But, those who have completed at least primary six, they approach the centers more willingly requesting to be developed in certain careers”.

Moreover, street children are vulnerable to all kinds of harms- diseases including HIV and Aids, they are exposed to harassment, drug as well as sexual abuse just to mention a few. Such environment makes them unproductive and consumers of limited resources.

3.15 EXPERIENCE FROM BOTSWANA

The Situation Analysis of Street Children in three urban centers of Botswana (Gaborone, Mahalapye, and Tranciston) for Botswana Education Research Association made the following recommendation in solving the problem of street children:

From the ensuing, it is recommended that street children should be involved in the development of such programmes. They ought to be involved in both needs assessment and programme development. Such a strategy will encourage their participation in the programmes from an early stage and will ensure that the programmes are relevant;

Since the children seem to naturally seek a stable lifestyle, which the street life does not provide, they ought to be encouraged and motivated to abandon street life. A valuable incentive would be the securing of employment for the older street children;

As some of the children come from difficult family situations where alcoholism and abuse are common, foster homes or other stable living environments might be provided for the children;

The nature of the phenomenon of street children dictates that any meaningful solution to the problem will have both remedial and preventive components to it. As far as

prevention is concerned, once families “ at risk” have been identified, counselling ought to be directed towards encouraging children to stay in school etc.

Rehabilitation is necessary for those who have already been in the streets;

In addition to rehabilitation, those children who are already in the streets would benefit from a drop-in centre where their basic needs such as food, clothing and shelter would be met while they receive counselling;

It must be borne in mind that any educational programme for the street children will not benefit them unless it is flexible in nature. Non-formal education programmes will thus be more appropriate for the children since the children themselves have indicated that a strictly formal educational programme will be unacceptable to them. Specifically, since they desire to earn money, the education component should be complemented by a productive one so that their needs for both skills and income are met;

Any programme aimed at assisting these children must necessarily be flexible so that the diversity of interests, life experience and aspirations of the children are catered for. For instance, the education programme could be structured in such a manner that those who are more academically inclined receive an academic education rather than a technical one and vice versa;

The study has established that the children are interested in programmes such as the art programme offered at the National Museum and Art Gallery in Gaborone and the Centre for Continuing Education, and the football programme sponsored by the Bana Ba Rona Trust. Any programme for these children should thus have a recreational component too;

A distance education programme composed of modules in print is suggested could be a viable alternative to conventional programmes. The modules would include an element of counselling. Such a programme would allow the children to work on their own and at their own pace but a supervisor at a supervised study centre would ensure some discipline in the programme.

SUPPORTING OBJECTIVES

- a) Establish the unit within the City of Kigali structure that will deal with the management of street children by June 2002;
- b) Establish co-operative links with the government ministries, Non-government organizations, business community, donors and the community by the end of 2002;
- c) Establish community-based integrated street children projects in Kigali City by the end of 2004;
- d) Set a budget of about 5% of the total city budget annually to finance the activities of the street children.

STRATEGIES

1. Institute information campaign by media and NGOs to raise public awareness of the situation of street children and raise awareness of the situation of street children, their situation and mobilize support for action plans.
2. Build alliances and partnership with organizations and institutions to initiate and support actions with street children and their families. Several organizations in Kigali are already dealing with the problem of street children. However, the magnitude of the problem requires the collaborations of various stakeholders.
3. Determine needs and within the framework of various government policies develop program to protect, care for and rehabilitate street children.
4. Training in specialized services such as psychiatry, social work, counseling, psychology to acquire competent skills in order to be able to work with street related issues is vital.
5. Within the commune police force, establish a specialized competent unit to deal with the issue of street children.
6. Initiate a city center where specialized services such as psychiatry, trauma and psychology counseling can be available to the community and children in particular.
7. Establish by – laws that will reinforce responsible parenthood and pre-school and primary education to children irrespective of their family economic status.
8. Support the expansion of the services currently offered by the various centers for street children to enable such services reach more children who are still at large in streets.
9. Provision of family planning services to all clinics of the CoK:
10. Provision of education, health and family reintegration or foster family placement services to street children.

WHO SHOULD TAKE RESPONSIBILITY

While the CoK has to play a facilitating role, to bring back the society's dignity and sanity has to be a collective effort, the society should take responsibility and adopt a positive attitude with regard to street children. The poore should be willing to get involved in activities that will improve the problem, and moreover, accept responsibility with regard to parenthood.

The Media through its radio and television programs, newspapers, art and drama should sensitize and educate the society with regard to the magnitude and seriousness of the street children problem and how it impact the economic well being of each individual.

The CoK need the collaboration of various partners, from ten cell leaders to ministerial level, non government organizations, public and non public institutions, donors and all other interest groups.

3.10 CONCLUSIONS

CoK faces many problems. The majority of them have major implications for poverty alleviation. Below are the major problems faced by Kigali urban population:

- The community in CoK is characterised by widespread dire poverty conditions and declining incomes due to lack of capital, lack of market, and lack of knowledge and skills. These need intense activity on provision of capital, establishing business links for securing the market and general education programmes to offer various skills to the City dwellers.
- Unemployment is high and growing at a fast rate in Kigali City. This is one of the major factors behind lack of income.
- Household poverty reduction strategies are constrained by scarcity of labour, lack of skills, lack of credit facilities and lack of market. These constraints reinforce each other to impoverish the households and the Kigali urban community at large.
- The CoK dwellers are faced with a critical housing problem. The rent charged on decent houses is too high for an ordinary local person in Kigali. Indeed the slums in Kigali accommodate a large number of people since they are the places where relatively cheap houses can be found.
- Widespread household food insecurity is endangering the lives of the poor in CoK. Lack of or low income in an urban setting inevitably leads to food shortage since people depend on the food from the market place.
- The schools are insufficient, particularly secondary schools. The government schools cannot accommodate the student population in the CoK while private schools are too expensive for the majority of the population in Kigali.
- There is a significant difference in levels of education among women and men heading households. This makes majority of women heading households unable to utilise information that could enable them reduce poverty in their households and thus keeps them in poverty.
- CoK has inadequate and inaccessible health services in a situation of high morbidity. This aggravates poverty in the sense that it constrains people's ability to earn income and drains the meagre household resources.

- Sanitation is generally poor in CoK. There is no well-organised garbage disposal facility both in public places such as markets and among households. This causes dangerous hygienic conditions that can lead to disease.
- Sanitary infrastructure such as toilets and sewage channels are inadequate in the city. In some areas inhabitants experience severe poor hygiene.

The fault of being in the streets and their failure to contribute to economic development is not with the street children but the society who are unable to meet their aspirations and have nothing to offer as an alternative. (This has been observed from the study of street children in CoK and other parts of the world). The problem underlying the intolerable situation of street children lies within the families and the communities of these children. Research has indicated that the reasons why children go in the street are complex and manifold, both push factors (poverty, violence, family breakdowns etc.) and pull factors (the desire to earn money, freedom independence etc) are evident. Therefore, the strategies addressing the problem of street children in CoK need to be part and parcel of the CoK Economic and Development strategy.

3.11 RECOMMENDATIONS

- 1) Increase health services coverage, and build new health units in the currently least-served areas.
- 2) Deliver integrated health services to improve equity and increase patient satisfaction.
- 3) Intensify the fight against AIDS, especially amongst Young people in the city and vulnerable groups.
- 4) Expand water supply infrastructure and increase the volume of water available for use.
- 5) Improve garbage collection by fostering the development of private garbage collection companies.
- 6) Develop compost making technology to utilise the garbage in the city productively and create employment.
- 7) Address the problem of inadequate personnel in health, education and other departments should manage human resources development plan that outlines procedures for recruiting, training, performance evaluation, job security, promotions, and incentives.
- 8) Attempt to solve the housing problem, by identify settlement areas, and allocating land for constructing houses.
- 9) Improve access to safe and clean water by the population is identify the best short term and long-term solutions.

- 10) Increase the number of primary schools to serve areas poorly or not covered at all.
- 11) Develop adult education programmes (general, management, health education, planning).
- 12) Study carefully the situation of women heads of household and ensure that they receive additional support (school fees, exemptions from paying for health services, etc).
- 13) Identify and support other vulnerable savings and credit programmes accessible at the grassroots level
- 14) Make flexible the procedures & regulations for accessing credit.
- 15) Offer training in various skills for organised groups/associations engaged in certain activities.
- 16) Emphasise Vocational or skills training for the urban youth.
- 17) Improve provision of basic social services such as education and health so as to the physical wellbeing and quality of life of the poor, as good health and education indirectly enhance their productivity, ability to save, invest and to contribute significantly to the development of CoK and Rwanda at large.
- 18) Set up developmental programmes for vulnerable groups such as widows, orphans, the disabled and street children, as to involve them in the process of production.
- 19) Facilitate a partnership between CoK and the private sector.
- 20) Rigorously engage in fundraising activities such as City concerts, sports, and mobilise companies in CoK around certain development activities.
- 21) Set up centres where street children can learn various skills as well as make products for generating income.
- 22) Organise people around community actions in different co-operatives to mobilise and utilise resources for their own livelihoods.
- 23) Apply rapidly all possible means to alleviate the unemployment problem

PART C: LAND

ASSESSMENT OF GOVERNMENT-INFLUENCED FACTORS AFFECTING ECONOMIC GROWTH

General Introduction

Rwanda has made significant progress along an ambitious path of reconstruction, national reconciliation, and economic reform since the genocide of 1994. Rwanda is making the transition from responding to emergencies to ensuring sustainable development. The transition from emergency to sustainable development in Rwanda is proving to be complex and not always a linear process. But steady progress is being made. The major objectives of the transition program have been on laying the foundation on which national reconciliation, sustainable economic growth, human resource development, and the improvement of the standard of living of the Rwandans can be achieved. Macroeconomic and structural reforms, improvements in justice and political governance, sustainable reintegration of the population, poverty reduction, and transformation of the economy, with reduced but more efficient role for the state are the key programmes.

Following the rational priorities, CoK for the past few years embarked on a reconstruction process buttressed by strong commitment to macroeconomic, structural and institutional reforms.

This chapter is made out of results, analyses and recommendations that are based on the assessment study that was carried out on factors of influence that affect the economic growth of Kigali, and in this respect: land, infrastructure, energy, labour, capital and the business environment. The assessment of these factors has looked into the advantages and disadvantages in the present way of affairs and in the event of reform.

As regarding land, the key contexts are: asset management, land tax policy and its structure, records and policy concerns. Infrastructure as another spine of any economy has been handled in the categories of: communication, transport, water supply and expansion of market places.

Energy, acclaimed as a special driving force for various economic activities in any economy, has here focused on the institutional structure, operations, privatization of the sole power utility – ELECTROGAZ; and a little beyond on expansion of service areas. Labour, which is one important factors of production, and the core of man as an economic resource, has been assessed with respect to the level of skills and knowledge of employees, their wages, and their social conditions.

Capital, another vital factor of production has been dealt with, with respect to the private and public sectors in the aspects of financing and the related investment conditions. Assessment approach for business environment which is equally an indispensable factor

in deciding to invest or not, has dwelt on: business security, government efficiency, effectiveness and transparency, local tax policies, public services, regulatory requirements and business support services.

SECTION 1: LAND USE AND OWNERSHIP

Land is the basic asset in most of Rwanda as many households derive their livelihood from agriculture. Much as market liberalization is on going in all sectors of the economy including agriculture, land dependence to the majority will remain important for many years to come. How land is occupied and managed is important to the government for the welfare of its people and the core of tranquility particularly in rural.

Unfortunately the war and genocide of 1994 led to a number of cases of insecurity in land tenure due to forced movement of the population, and thus casual land occupation a situation which was later handled by a special land re-allocation committee. However, a lot more remains to be done to make land an economic venture that attracts not only the peasant to invest more, but attracts also foreign capital. As such, the assessment of this study therefore has been made along these respects.

1.1.1 Land Policy Action

Currently the government of Rwanda has prepared a land policy to implement established land Act of 1998. In the new Act of 1998, article 2 (on state land allocation) states general plot's sizes applicable to all categories like, high density, medium density, and low density and in consideration also of residential, industrial, and commercial sites in respect of the locations.

The Act also states general conditions governing the lease/rent of state land, which conditions are:

- Residential plots are to be rented on 99 years fixed period state grant;
- Commercial and industrial plots are to be rented on 50 years fixed period state grant.

In the existing Land Policy and Land Act, the issues of citizenship for renting the land is not stipulated on. Therefore its important to include provision of citizens and citizen owned companies to have an option of renting or purchasing the plots by installment.

In order to ensure proper documentation we could recommend CoK to adopt “Digital Storage System” parallel with the process of computerization. This is an electronic library whereby files can be stored and be retrieved easily with a maximum accuracy of all information required to be kept on the land records.

1.1.2 The Land Players

a) The Government

Land is state property in Rwanda . As local government therefore, the CoK controls 100% of all land in the City: 349 sq.km that falls in its precincts.

As regarding allocation and acquisition procedures, of the 40 businessmen interviewed during the survey, 90% of them were unsatisfied by the existing process.

Currently CoK outsource its services of land rent collection from a private company for higher efficiency in service provision and revenue collection.

b) The community sector (NGO's)

Religious organizations, and the Catholic Church especially occupy significant tracts of land since the era of colonialism. In view of the steadily rising number of the land-less, but also of the daily increasing need to put land to real economic production, CoK should revisit the land issue for rational use and occupation.

1.1.3 Gender Groups

There is a significant increase in land developments made by female landlords. Even in other land transactions generally, with more and more transaction being made in favor of women by men. With increased female emancipation especially in business, women have learnt to invest in land.

1.1.4 Land Requirements

Some extra land is required for the following:

- Car park at the city (Underground construction under the new two big supermarkets to be constructed at Kigali);
- Bus Station (Commercial Road);
- New Industrial Area (Gatsata, Mulindi);
- Road expansion.

1.2 Land Acquisition and Procedure

Procedure to acquire land starts with an application letter that is forwarded to CoK where a special committee under the department of physical planning looks into the application and makes due decision. Procedurally, the applicant is supposed to be informed of the results within one month but in practice however, the process normally takes longer.

The survey reveals that, by convention, disputes over land are settled by producing the respective ownership papers – including rent receipts–in conjunction with the opinion of relevant officials of Physical Planning Department of the city.

1.2.1 Land Rent Tariffs

Payment of land rent begins at issuance of the land title which is effected upon development of the plot by the occupant. Plots are normally allocated for a maximum period of two years with a condition that, they are developed within that period. A land title costs 50,000 FRw, and in the case of mortgaging titled plots, the city is paid dues amounting to 0.2 – 2.5% of the total loan requested.

The following tariffs are applicable to land contracts of plots of area greater than 30x 20 sq.m. The rent tariff is halved for plots of less area.

Table C. 1: Land tariffs

S/No	Area	Industrial	Residential	Commercial
1.	Nyarugenge	40 FRw/m ²	80 FRw/m ²	100 FRw/m ²
2.	Kimihurura Kacyiru	30 FRw/m ²	60 FRw/m ²	75 FRw/m ²
3.	Others	20 FRw/m ²	40 FRw/m ²	50 FRw/m ²

Source: Land Act of 18 January, 1998.

The Table C.2 shows land rent tariffs for the land used for agricultural purposes in different categories of state owned land.

Table C. 2: Land rent tariffs for agricultural purposes (FRw/ha)

Category	Agriculture	Industrial Growing	Vegetables & Fruits	Breeding	Growing for Export
Urban	2500	1000	10,000	1,300	Fixed rent 100 FRw/m ²
1 st Ring	2000	800	8,000	1,040	
2 nd Ring	1500	600	5,000	740	
Sector - HQ	1200	450	2,000	500	

Source: Land act of 18 January, 1998

Note

- Urban – land located within the limits of the districts.
- 1st Ring – land located in the surrounding of the urban districts.
- 2nd Ring – land located in the surrounding of the 1st Ring.
- Sector HQ – land located in the secteurs where sub-prefecture Head Quarteurs are located.

Table C.3: Land rent for other activities.

Activity	Status	Land Rent
Sports	Public	1,000
	Private	5,000 – 20,000 s
Construction of roads, water supply, petrol pipelines, telephone lines, or electricity		Fixed rent 1,000
Tourist sites		Fixed Rent 40 FRw/m ² /year

The cost of renting land in the City centre is ten times renting the same size of land in per-urban area.

For transfer of land ownership, CoK is paid 6% of the price tag following professional valuation, which is normally conducted by CoK.

1.2.2 “In Lieu”

“In Lieu” is traditionally a source of revenue for most local governments and urban authorities recovered from central government in lieu of rates payable for land occupied or property transferred. CoK, under decentralization, should enter negotiations with the government of Rwanda (GoR) to receive some financial transfers in lieu of land revenues for all land government occupies and transfers. CoK has the responsibility of service delivery and infrastructure development from which GoR directly benefits. CoK will need to prepare an inventory of all plots of land occupied by government or under GoR control. An absolute figure or a percentage of the rent would be payable. Land taxes could be agreed on as annual transfers to CoK. This is a political and legal battle that can best be fought by an elected council.

1.2.3 Land Administration Revenues

The land administration revenues are indeed a big potential source of income for CoK. Currently the Urban Physical planning generates over 70% of all CoK revenues. However, it is estimated that currently only 20-30 percent of revenues from land administration are being collected. Therefore special focus on reorganization of land records can help in increasing revenue. It has been demonstrated that a special effort in collecting land administration revenues can yield substantial results. For instance, a task force was set up in November 1999 to recover land arrears and within less than 8 months it had collected over FRw 6000 million, which was about 150% of the 1999 revenue budget from this source.

The rapid expansion of CoK through construction of both residential and commercial buildings in the last four years cannot go un-noticed. To support service delivery and infrastructure upgrading, the new and old developers should be mobilized to contribute through a streamlined revenue system.

The largest revenue-source directorate is that of Urban Physical Planning which currently generates over 70% of all CoK revenues. However, there is weakness in land rent collection system due to lack of effective operational systems and procedures.

1.2.4 Land Record – Keeping and Accuracy

Whereas the basic data and information are generally available in the Physical Planning Directorate, they are kept and managed in such a non-systematic manner such that its retrieval for planning, administration, and financial management, becomes almost impossible. However, the fact that some records and data do exist, in whatever form it may be, provides a basis for re-organization. One of most remarkable observations is the consistency and completeness in which the names are recorded in the registers, which may later help in the computerization of records. Almost all registers seen have displayed a surname first or displayed it very distinctively. This is rather unique compared to a number of countries in the region whereby persons often use more than two names in a non-consistent order along incomplete particulars, thus presenting difficulties in establishing uniqueness of identity at the beginning of computerization exercises.

Furthermore, the survey revealed that rent payment receipts are missing in some of the land files. For example out of 300 files (1%) of the total files available at CoK for 1997-2001 period, 46.5% (93) of the checked files contained no receipt. Not only that but also the handling and storage of the existing files at CoK is very poor. This is because in 1997 the Central Government through MINITRAPE handed over all land files to CoK at the time when the City management was not prepared.

1.2.5 Who Develops Land in the CoK?

The high income groups and group of business people are the ones who develop legal buildings. Of late, there has been a lot of development made by this class. In addition the civil servants, whose salaries range from around 3 million FRw per annum are also trying to put up some infrastructure in Kigali.

On the other hand the low income earners usually live in a rented one roomed to two roomed units or more depending on income levels and type of houses. These units are usually rented from high class business persons, or civil servants. Otherwise, the low-income group, as far as development is concerned, can only manage to put up temporary /illegal structures.

1.3. Comments and Recommendations

1.3.1 General Findings

- Lack of well designed and documented procedures on land acquisition, management, and tax scheme; as well as poor record keeping which has led to multiple allocation of land plots with all its problems;
- General lack of information and data needed to support decision-making function for planning and revenue administration. (one of the greatest impediments to revenue collection);
- Collection of plot fees and house rents is made difficult because information on location, ownership, payment status, etc is hard to obtain;
- Difficulties in searching for files just to determine who owns what piece of land. Arrears on land rent have accumulated partly because the general public perceives the city of Kigali as lacking the will and ability to reconcile records and follow – up on old cases;
- Lack of land surveying equipment and the related documentation facilities;
- Insecure land tenure, a slippage that makes occupiers hesitant to invest and put land to effective use;
- Lack of basic services like roads, water and power has apparently impaired the motivation of the potential people in initiating housing construction in new areas;
- There is high congestion of applicants for plots due to the present central system of plot allocation;
- Lack of well-qualified personnel: there is only one qualified topographer in the urban Physical Planning Directorate.

Recommendations

1. Introduce well designed procedures on land acquisition, management, and explicit tax scheme, but also improved data collection and recording. It should be possible to carry out this task, either with computer or without.
2. Provide secure land tenure so as to encourage people to invest in land, for higher economic returns and improved land status. The city of Kigali should be committed

to ensuring that land is used productively and in a sustainable manner by establishing clear guidelines for land use through the land act.

3. Implement legislation to remove the statutory discrimination against women's right to own land, and allow different options of the apportionment of property on marriage.
4. Establish a strong collaboration/partnership with Electrogaz and Rwandatel (through the Ministry of Energy Water and Natural Resources and the Ministry of Transport and Communication) for the provision of essential services to registered/new allocated land..
5. Establish a long-term plan through a database system in order to cater for the rapidly increasing number of land applicants. This will enable the CoK to offer efficient services to the customers.
6. Expand land register formats to capture all necessary land data and other information, and further strive to acquire additional computers to bridge the deficiency.
7. Inculcate the right attitude of information management systems for people to appreciate the importance of proper documentation.
8. Prepare for decentralization by sorting and arranging land files with respect of locations. This can be done with the help of a digital library after the exercise of computerization. The following critical information is recommended to be put on the computer as part of the land database system.
 - i. Location of plot, Secteur, Cell
 - ii. Type of plot: commercial, residential, social, industrial, etc
 - iii. Size of plot
 - iv. Type of property on plot
 - v. Owner of property on plot: full name and address
 - vi. Estimated value of property on plot
 - vii. Current owner of the plot
 - viii. Date when plot application was received
 - ix. Date when plot contract was signed
 - x. Date when plot was marked with 'born'
 - xi. Contract particulars
 - xii. Previous owners of plot
 - xiii. Date when plot changed hands
 - xiv. Payment status of plot fees
 - xv. Any legal issues on the plot

This data will serve as a basis for computerization which will assist in locating the desired information and files more efficiently and in a systematic manner. Fortunately this work has already started in some form but of now requires a fresh focus to come up

with a user-friendly database that is wide enough and compatible with other data-analyzing techniques.

9. Shift processing of application for plots to districts' headquarters whereby committees under the Department of Physical Planning will consider each case within the shortest possible time, because they are familiar with all the locations. This will help solve congestion of applications for plots, which come from all areas of the city, and hence improve services to clients.
10. Inventory CoK's buildings and reconcile records accordingly. This can be done by hiring qualified short-term personnel (e.g. KIST students) to carry out the exercise for the whole city.
11. Demarcate all the city's land and prepare maps for city planning and of revenue administration. This would facilitate the generation of predictable revenue on which most operations rely. With the completion of the Kigali urban planning management and capacity-building project which has established a Master plan showing roads, waterways and land demarcation, there is a hope that implementation of the recommendations thereof shall obviate the difficulties in those respects. Part of the solution of this problem can be well-designed using a Geographical Information System (GIS).
12. Resolve issues concerning overcrowding of vehicles, street blockages and broken pavements in the city. With proper management, car parking offers a remarkable potential for more revenue collection. Aside from revenue collection the 'pay as you park' approach would also ease the traffic load in the city, as some of the motorists would go for public transport or drive into the city only when it is absolutely necessary. This could be an opportunity for both the CoK and the private sector to develop designated commercial parking spaces in the city. Given the complexity of this activity, and in line with the practice elsewhere in African cities, this would eventually have to be privatized. Hence a special study would have to be commissioned to determine traffic flows and the impact on the city transportation system. Based on conservative estimates, in relative comparison with earnings in neighboring countries from this source the CoK could earn a minimum of 15 million FRw annually from this source.
13. Privatize activities such as advertising services, street parking, street cleaning and garbage collection. These activities would join those that have already been privatized revenue collection from taxi parks, maintenance of roads and collection of ground rent arrears.

SECTION 2: INFRASTRUCTURE

Development of a community is, to a large extent, characterized by the quality of its social and economic situation which in turn is reflected in the standards of housing and services found in the society. It is apparent that every form of human settlement should at least have shelter and some basic form of infrastructure, despite variation in the level of development from community to community depending on the prevailing geographical, social and economic situation. Thus, as part of this assessment study, for infrastructure we have covered the pertinent aspects of housing: planned and unplanned settlements, building materials; role of the private sector, communication in terms of telecommunication, land and air transportation.

2.1 HOUSING SITUATION

The concept of shelter is as old as the existence of man on earth, and it is one of man's basic needs besides food and clothing. Housing is a commodity whose consumption is different from all others and with a comparably much longer life span. Shelter provision has numerous multiplier effects on the economy and greatly contributes to increased activities of the domestic economy.

Investment in shelter is the single most important sector where households have to invest largest out of necessity; for most households, this forms the biggest and most valuable investment they ever make, given their limited resources.

The quality of housing is internationally recognized as indicator of the level of development and standard of living of the people in any community. Housing doesn't only form a national asset, but also its a bankable commodity.

Besides the economic impact, prioritizing housing sector enhances the political and social stability of the state, for housing ownership creates a sense of belonging and thus a basis for good morals, respect and dignity of the society.

The colonial administration introduced public provision of housing in Kigali to cater for the working population who were mainly expatriate civil servants. This resulted in the construction of houses in upper Kiyovu, Kimihurura, Nyarugenge, Nyamirambo, etc.

Later on, housing estates were established for Africans in further areas like: lower Kiyovu, Nyamirambo, Muhima, Gikondo etc.

More than 100 houses, which belonged to colonial Belgium by then were transferred to CoK authority.

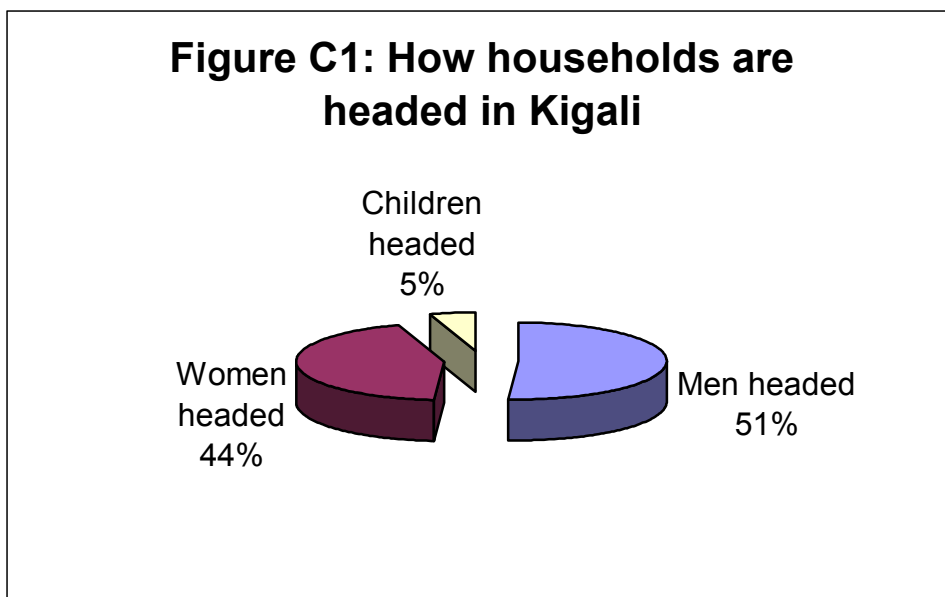
The obligation for local authorities to provide housing for their citizens still remains with the urban authorities despite the lack of resources to raise or maintain the existing housing stock. However, aside from the inherited housing, the city of Kigali has not put up any significant addition.

2.1.2. HOUSING CATEGORIES

The Government of Rwanda has adopted three types of houses to be constructed on the planned areas. These are low cost houses, medium cost houses and high cost houses.

Of all residential housing in CoK, (47,233), 39% households are made out of mud and wattle walls and roofed with iron sheets or tiles. The remaining are largely built from burnt bricks and roofed also with iron sheets or tiles.

2.1.2.1 Households



The population of CoK estimated at 604,966 can be fitted in 131,106 households. Data from the heads of Districts have shown that, out of the households, 51% are men-headed, 44% are women-headed, while 5% are children-headed households.

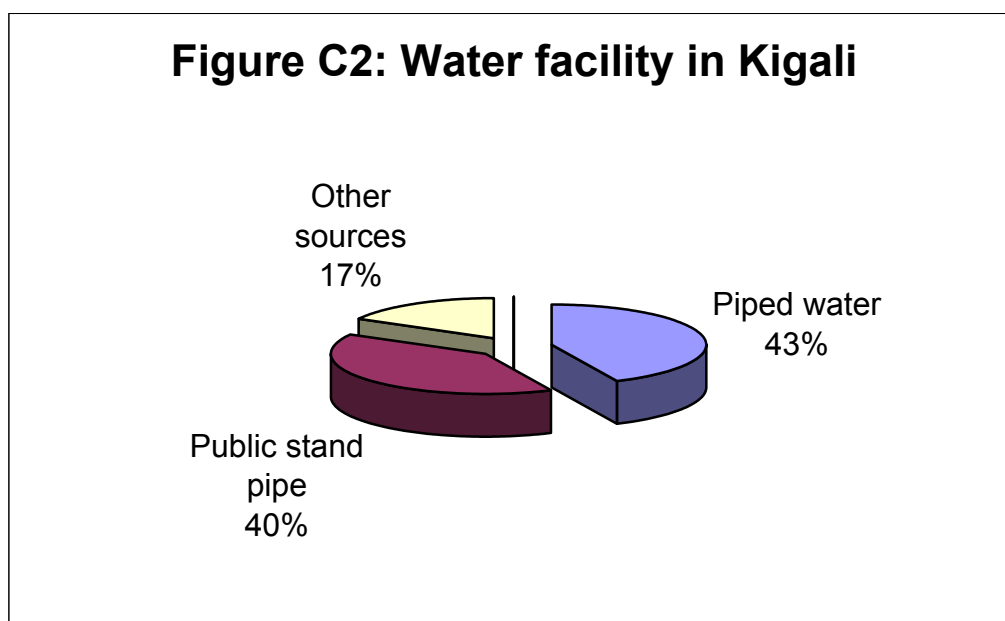
Facilities in households

Table C4: Water

District	Households	% age of population depending on the source				
		Water stream	Water Pond	Well	Tap water: Public point	In house supplied
Gisozi	25,446	-	15	45	40	-
Kanombe	12,130	-	5	32	60	3
Gikondo	17,854	-	-	20	73	7
Nyamirambo	12,540	-	-	-	76	24
Butamwa	10,091	77	16	-	7	-
Nyarugenge	23,959	-	-	-	66	34
Kicukiro	10,196	8	6	28	53	5
Kacyiru	18,890	-	-	7	63	30
	131,106					
Average %age		10.6	5.3	16.5	54.8	12.8

In rural areas, access to potable water fell from 64 percent in 1984 to about 50% in 1996. Currently about a third of water supply infrastructure does not function and poor families cannot afford the service charge for potable water. About 43% of the population have piped water.

Figure C.2 shows the extent of water supply in the city



As shown in figure C.2, above, out of 131,106 households in Kigali, 43.5% of the households (52,682) have access to piped water, either found indoors or within the plot. 40% of the households (48,444) get their water from public stand pipes. The remaining 16.5% fetch water either from the ponds, wells, or lakes around their dwelling areas.

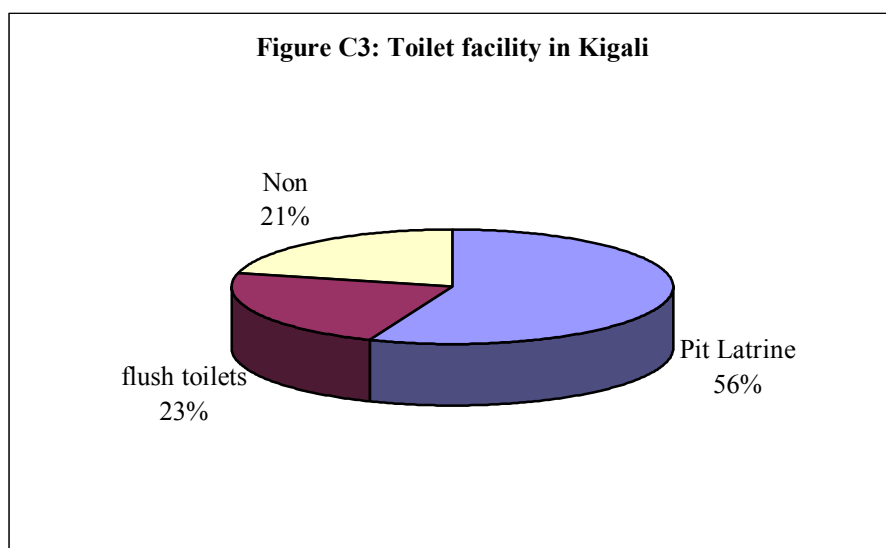
Energy

Table C5: Cooking and lighting

		% age of population depending on the source				
		Cooking			Lighting	
District	Population	Firewood	Charcoal	Electricity	Kerosene	Electricity
Gisozi	25,446	37	63		67	33
Kanombe	12,130	53	47		53	47
Gikondo	17,854	23	77		30	70
Nyamirambo	12,540	17	80	3	13	87
Butamwa	10,091	95	5	-	95	5
Nyarugenge	23,959	5	92	3	23	77
Kicukiro	10,196	46	54		48	52
Kacyiru	18,890	17	77	6	27	73
Total	131,106					

Toilet Facilities

As regarding disposal of toilet wastes at household level, 56% of the population in Kigali use pit latrines. 23% have flush toilets, and the remaining 21% have altogether nothing of the sort.



Pit latrines are a low cost alternative means for toilet waste disposal which is applied widely by the low income majority in developing countries as it is the case in Rwanda, and Kigali in particular.

But without proper planning, construction and management, the ubiquitous latrine carry the potential to spread diseases such as: cholera, typhoid, dysentery, and other pathogens; from air, soils and other contamination.

2.1.2.2. The Homeless

International categorization of the homeless:

1. No shelter: where people do not have any form of shelter e.g. those sleeping on verandas, partially demolished buildings, bus park etc.
2. Temporary: Emergency accommodation e.g. night shelters, disaster accommodation usually due to some “temporary” instability.
3. Substandard housing: usually overcrowded and in a poor state of repair e.g. cheap tenements or illegal settlements improvised units such as garages and stores.
4. No secure tenure of house plot: Illegal land tenure lacking any planned services e.g. squatters etc.

In the respect of Kigali, category 1 above applies, and the number is on the increase.

Category 2 is a recent phenomenon in this country arising out of people fleeing rural areas and in search of fortunes in the urban centre .

Category 3 is more common in Kigali than in other urban areas due to the lures of the city which in most cases can not be achieved and instead relegate the migrants to this sort of housing.

Category 4 is common for the low income settlements and occur mostly on public land.

2.1.3 HOUSING CONSTRUCTION

2.1.3.1 Construction costs.

Table C.6: house categories and the main inputs in form of materials and labour

	Material	Labour	Total Unit cost
Low-cost housing	2,800,000	1,200,000	4,000,000
Medium cost housing	12,000,000	3,000,000	15,000,000
High cost housing	32,000,000	8,000,000	40,000,000

Source: Ministry of Land, Settlement and Environment.

The migration of people to the urban area has contributed to severe housing shortage in the Kigali. However, other factors are high construction costs, and high charges for the serviced land.

2.1.3.2 Building Materials

Table C.7: Represents the main components used in different housing grades.

	High cost House	Medium cost house	Low cost house
Roofing	Iron sheets, tiles, concrete and asbestors, ridges (angle clay, G61 ridges), timber trusses nails, wire meshes	Iron sheets, tiles, concrete and asbestos, Ridges (angle clay, G61 ridges), timber trusses, nails, wire meshes	Iron sheets and tiles ridges, timber trusses nails, ceiling boards
Walls and foundation materials	Aggregates, sand, Cement burnt clay bricks and blocks metallic reinforcement bars and stirrups, metallic balstranding bars, Hardcore concrete slabs, Walls are plastered with cement.	Cement, Sand, Aggregates Hardcore, Bricks (burnt clay bricks and blocks) metallic reinforcement bars and stirrups metallic balstrand bars concrete slabs	Bricks, Cement, sand
Shutters	Timber, casement ,frames, louvres, Burglar proofing metallic bars, locks	Timber, Casement frames louvres, burglar proofing metallic bars, locks timber rent and brick rent	Timber Casement frames
Electrical & sanitary fittings	Pipes, Wires, Cisterns, bulls holders, switches taps, sinks timber vents & brick vents sockets, toilet seat	Wires, switches bulb holders sockets	N/A
Finishes	PVC, floor tiles, terrazzo facing bucks, Plaster Paint, rough cast	Cement screed, terrazzo, floor tiles, facing bricks Paint, rough cost plaster cement	Plastered walls & floor covered with cement

Low Cost Houses: Usually they have more than two rooms and may have a foundation of brickworks.

Medium Cost Houses: Components of these houses and those of high cost houses are factory made to durable standards and enable the dwelling units to last longer.

High Cost Houses – These units have the same building materials as those of medium cost houses except that they are larger in size i.e. more than three rooms. Because of their durability have a number of facilities e.g. water, electricity and sanitary fittings, kitchens incorporated to the building without any risk to the structure and occupants.

2.1.3.3 Comments

Basic infrastructure plays a vital role in the rate of social, political and economic development of any community. Services thereof create a healthy, contented and productive community that is capable of increasing economic productivity, which has a direct bearing on the local and national economy as a whole.

Social infrastructure for CoK households suffered greatly from wars and genocide of 1994, from looting and neglect. Yet, inadequate resources constrain the rehabilitation and expansion resulting into over-use and hence undue pressures on the facilities that frequently break down.

There has always been a tendency for urban authorities to consider urban infrastructure to include water pipe, a bitumenized road network, sewerage disposal systems, electrical lighting and cooking facilities etc. However, it is often forgotten that the majority of urban dwellers cannot afford these standards and so the perception has created a conflict of objective between the communities and the law enforcement organs especially where the latter maintain a tendency to uphold the “desired” standards for urban centres. The result is that, large sums of money are spent on the provision of high standard infrastructure that cater for the only few in the high – income brackets and leaving the majority of lower income without such facilities.

Findings

1. Social infrastructure for CoK households suffered greatly from wars and genocide of 1994: from looting and neglect;
2. As regarding public services like water supply, sewage disposal etc., their inadequate provision has led to over-use and subsequently into frequent break down;
3. Owing to their low income, the majority of urban dwellers can neither afford good quality houses and nor the connections to electricity or water;

4. It's a paradox that, the government spends large sums of money on few good quality houses which ultimately go to the few rich, but not to the relatively low income majority who constitute the main tax base;
5. Housing in Kigali is the responsibility of the household, and to some extent, the immediate community, a situation which is likely to continue for a long time;
6. The government has not been able to provide adequately in the housing sector, in part owing to shortage of resources, but also owing to natural inefficiency in such undertakings where the private sector comes out better.

2.1.4 RECOMMENDATIONS

The analysis of the above reveals that in order to alleviate the problem of housing shortage in the City, a number of pertinent issues need go be addressed. The issue of affordability of housing requires that the cost of house construction should consider income relative to housing expenditure and other factors which influence effective demand preferences, before such projects are embarked upon.

Whenever one discusses the housing sector with the public, the first demand they make is that, the government should build houses like what happens in other countries. This is a myth and way out of the prevailing reality and will most likely never be met by the government in view of the limited resources available. Government being aware of this, has adopted an enabling approach for the development of the sector formulating a National shelter strategy whereby the government role will be that of a facilitator.

1. The government should arrange for accessible credit facility with mechanisms which are simple but effective in loaning out and getting back repayments. The loans should be directed to supporting procurement of building materials, particularly for low income households, through reputable financial institutions.
2. Sell present housing stock and channel the proceeds to facilitate increased housing by the private sector in reality, housing in Kigali is the responsibility of the household and, to some extent, the immediate community. This situation will continue for a long time to come. Given that the government's attempts at production of completed units have not been able to create an equitable situation yet, at the expense of the majority population who pay taxes but never acquire a house because of limited numbers; the government and its institutions should divest itself of this responsibility.
3. Strengthen the planning and housing section of the City so as to be able to identify, prepare plans and execute action, particularly where this results in improved living conditions of the population.
4. Carry out low-cost housing research in house design, construction, materials and site layout.

5. Develop and implement urban renewal programmes to maximize self help-initiatives.
6. Where the city has failed to maintain occupied house, sell them to the tenants and use the proceeds to open up new housing areas. In this case, provision of basic facilities like roads, water and sewers should be given first priority within the city.
7. Facilitate and encourage the private sector in the following combination of tasks:
 - a. Proper planning for the City development in consultation with the people;
 - b. Opening up new housing areas with provision of basic services like roads, drains, water etc;
 - c. Preventing at the outset any growth of unwanted structure, rather than destroying the structures when they are already up;
 - d. A study of the construction process in Kigali with a view of identifying areas of weaknesses with the private sector and provide, technical assistance which may be free of cost for low income settlements;
 - e. Appreciating and draw up appropriate strategies with positive perception that low-income settlements and urban growth are inevitable and must be planned for accordingly.

2.2 COMMUNICATION

2.2.1 TELECOMMUNICATION

Rwandatel and Rwandacel are the two companies operating in the field of telecommunication network in Rwanda. Rwandatel has a monopoly for the fixed lines. Rwandacel is also a mobile phones monopolist.

Aside from the telephone business, Rwandatel provides also fax services, whereas Rwandacel has so far specialized only in mobile phones.

The telecommunication industry is one of the fastest growing sectors in Rwanda following the country's recovery programmes of privatization and economic liberalization.

The mobile phone industry, initially pioneered by Rwandatel is today one of the most robust in growth. The growth is a clear proof that, the mobile phone market exists in reality as indicated by the rapid rate that has taken place in the recent past.

Local ownership in Rwandatel is 100% and 69% in Rwandacel where the remaining 31% is foreign.

2.2.2 Operations and Capacity

In 1998 Rwandatel had 15,000 connected lines with a capacity of about 24,000 lines. Today, the existing telephone network has two main exchanges that provide a total of approximately 21,300 lines. All these sites are connected and linked together with optic

fiber cables. Another connection with fiber is to Nyamirambo and Kicukiro through which Kigali's long distance international link is made via satellite.

A telex switch is used in CoK to provide all telex services. Although the usage of this service is decreasing, however it is anticipated that it will not reach zero for quite some time. Other high speed data services have been launched for provision of a managed data network, and target large corporate customers and high speed users of Internet services in CoK.

Suppliers of networks and telephone services in general determine and publish tariffs for the supply and use of their networks and telecommunication services. The tariffs clearly show the telecommunications networks and services on offer and show also the basis of calculations, for each network and service, as well as the actual tariffs for the network or telecommunication service. This applies also for each unit of service time as operators for public telecommunication may decide to set different tariffs for different times of the day.

When the Rwandatel management receives an application for a telephone service, the staff reviews the application and establishes the best route for the service. The work required for the service within 5.2 kilometre radius from the closest exchange is carried out and paid by Rwandatel. The applicant pays for the cost of materials and labour beyond the 5.2 kilometre radius. Presently used digital exchange and wire less communications are more powerful and cover a radius of 8 to 10 km with minimum cost, which makes the telephone lines affordable by the majority in the CoK.

As of August 2001 the telephone exchange in CoK had the maximum capacity of 30,820 lines. By then, there were 21,300 connections of customers, subscribers. 3,750 customers were on stand by list for connection. This clearly indicates that Rwandatel capacity is considerably higher than the existing demand.

Subscribers with outstanding bills beyond a month are disconnected. This review of unpaid bills is carried out by Rwandatel regularly on monthly basis and approximately 55 lines are disconnected every month. and restored upon full payments.

Table C8: Telecommunication industry: country-wide 2001

		Telephone	Cell phones	Internet
No of Companies		1	1	
No of employee		350	83	
Capacity of each company		30,820	65,000	
Ownership	Private		√	
	Public	√		
	Joint Venture			

No of registered clients		21,300	65,000	1279
Number of outlets	Dealers		90	
	Call Boxes		9	
	Kiosks	950	14	
	Others/Telex	11		
No of service centres		10	2	
Expansion prospects	No of Centres			
	Capacity for each			

The fixed phones are much broader based with 950 kiosks compared with only 14 of the cell phones. It means more access to phone service for those who can not afford mobile phones, or those with discontinued service from the company.

There are more people registered with the mobile phones (65,000) than with the fixed lines (21,3000). Use of Internet is estimated to be 1279 daily.

2.2.3 Tariffs

Table C.9: Tariffs: Phoning from Kigali to other cities in the region

City	Telephone		Cell phone		Internet
	Local	International	Local	International	
Kigali	7/min		100/min		7/min
Kampala		336/min		346/min	
Nairobi		672/min		563/min	
Dar es Salaam		672/min		563/min	
Bujumbura		336/min		346/min	

2.2.4 Legal Guidelines

In March 2001 the government of Rwanda adopted a law on telecommunication networks and services to be applied with effect from Sept, 2001, with the following mandate:

- (i) To ensure that telecommunications networks and telecommunications services are provided throughout the Republic to meet all reasonable demands and needs of natural persons and organisations.
- (ii) To promote the interests of users and potential users of telecommunications services, whether are natural persons or organisations, in respect of price, quality and variety of telecommunications networks and services in the Republic

The law further stipulates:

Natural persons and organisations may be refused a licence for the following reasons

- (i) In order to protect the national integrity and/or national security;
- (ii) For the reasons of limitations on the frequency spectrum;
- (iii) If the Regulatory Board reasonably believes that competition in the telecommunications sector can be adversely affected;
- (iv) If the applicant has substantially failed to meet its obligations;

The Regulatory Board may delay the grant of a licence to natural persons and organisations where there are limitations on available numbers. The Regulatory Board takes all appropriate actions that are required in the shortest possible time to alter the national numbering plan, such that further licences may be granted.

The applicant must be given written reasons about the refusals and delays in the granting of license as soon as the Regulatory Board has made its decision.

2.2.3 Recommendations

1. Focus on appropriate and affordable charges upon which Rwandatel can introduce and maintain the services as an essential tool of development towards improved quality of life of the citizens of Kigali. It is anticipated that the traffic that is growing out of the introduction of Internet to the home computer users will require the company to upgrade the transmission capacities especially in and around Kigali.
2. Develop a strategic plan for the access network to access every office and any house or cluster of houses where it is economically viable to do so. However, the GoR through, MINATRACO, should regulate the charges to be competitive and conform with other existing tariffs in the region, and foremost to be affordable to the public.

2.3 TRANSPORTATION

2.3.1 Road transportation

The majority of roads in the city are in very bad conditions. Paved roads are very old, and require major rehabilitation and maintenance. Most of roads have been damaged by rainwater due to lack of storm water drains, and insufficient sewerage provisions. The major problems associated with urban transportation are often related to a shortage of skilled managers and professionals within the city and the transport industry as a whole. Fiscal problems arising from lack of local revenues are another major factor affecting the performance of urban transport institutions.

The road network of Kigali serves all areas within the City boundary, extending to adjacent communities and beyond to the remainder of the country. Kigali's undulating terrain has been one of the factors constraining urban growth and the development of the road network. Primary roads are generally located in the natural channels that lie between the many hills in the Kigali area. Much of the network of 732 km, including 102

km of roads with paved surfaces, is in poor to very poor condition. At some locations in the city, road links have deteriorated beyond repair and must be reconstructed. The characteristics and condition of the primary, secondary, and tertiary roads that comprise the network are described below.

2.3.1.1 Primary Roads

The historical development of Rwanda's national road network has been oriented in part, towards centres of commercial and non commercial activities.

During recent years, rapid urbanization has accelerated the growth of Kigali and increased its importance as a capital city and main trading centre. Today its the most important focal point of the country's road network..

Six radial primary roads link the suburban areas with the central business district and connect the city with outlying regions. They comprise the main access routes and are of strategic importance to the economic health of the city and the entire country.

The links of road lines that link CoK to other cities are:

- i Byumba – Gatuna – Kampala (Uganda)
- ii Butare – cyangugu – Bukavu (DRC)
- iii Ruhengeri – Gesenyi – Goma (DRC)
- iv Kagitumba – Kampala (Uganda)
- v Kibungo – Rusumo – Tanzania
- vi Nyamata – Kirondo - Burundi

Most of the primary road network is paved, and has been under rehabilitation over the past 7 years to provide a riding quality of acceptable standard, although of late some signs of deterioration are beginning to appear due to lack of routine **maintenance. As one case, facilities for traffic management and regulation, such as road markings, signs and street lights, are in a poor state of repair.**

2.3.1.2 Secondary Roads

A network of primary roads interlinked by a network of secondary roads, facilitates to and fro transportation of local traffic. It constitute an important infrastructure that supports public transport services as well as no-motorized movement for Kigali's citizens towards their work places and social centres and back. Many of the secondary roads are unpaved and crisscross hilly terrains. Nearly all of the network, both paved and unpaved sections, require rehabilitation and routine maintenance.

2.3.1.3 Road network and Transit

The integrated transit network that serves the country, brings the same benefits as those enjoyed by the users of the city's efficient mass transit system. Even though mass transit integration programme is still under study, however there are transit lines already which

partially connect Kigali to 4 neighbouring locations of commercial importance which are: Kampala, Goma, Bukavu, and Bujumbura.

The ISAKA dry port in Tanzania is another potential means of land transport Market, should it become incorporated into the extension plans.

A link-node network has been developed to provide a basis for assessing the physical and operational characteristics of Kigali's road network. This is comprised of the primary roads, major junctions and public transport activity points. From the link-node network, and from the physical characteristics of each primary road section and specified location, it is possible to predetermine with high level of confidence the various parameters like operational capacity of the transport system, maintenance schedule etc.

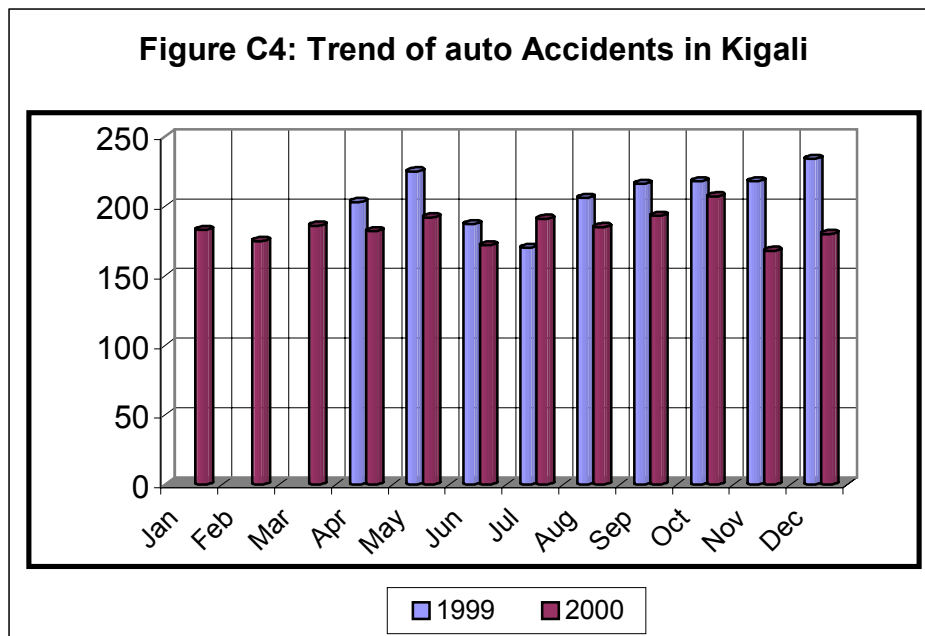
However visual observations show that the biggest problem in the city transportation network rests with inadequate facilities and lack of provisions for the pedestrians and motorcyclists. Motorcyclists form a considerable means of transport for many residents. But paradoxically this category is yet to be addressed for smooth operation in the city.

Walking is another substantial form of transport in the city. Many spend time and energy on this activity but eventually arrive at their destinations. In most cases they are more tired than late.

2.3.1.4 Road Security

Many roads in CoK do not have sidewalks for the pedestrians nor lines for cyclists. In most cases there is hardly access in between streets in the city besides those created informally as short cuts. As observed, there are many critical areas which lack zebra crossing points, and those available have faded out, a situation which highly exposes the pedestrians to road accidents.

Of late, cyclists have increased in number over the years without corresponding measures to ease their operations in the transportation sector they serve. Most of the cyclists speeding are forced to squeeze onto the roads together with vehicles causing fatal accidents and outrageous in number as depicted by figure C.4 here under:



Source: Police Traffic – Kigali.

On average, 150 persons per month are involved in the accidents that carry high fatality and inflictions. This is a rate of 5 victims a day—a conservative figure in view of those cases which go unreported.

2.3.1.5 Public transport at Bus Station

The bus station is one of the Kigali's gateways into the city. It is a busy place indeed, as it offers easy access to many people who arrive for business from their residential areas. The majority of the people depend on public transport for their transport needs. A large fleet of privately operated buses comprising 14-20 seat minibuses and a small number of 30-seat conventional buses provide the service to nearly all locations within the city. In total, there are 573 minibuses operating in Kigali. However, a parastatal company offers public-owned transport services by the name ONATRACOM which, provides both urban and inter-city services in fixed routes using single deck 64-seat buses. Taxi services are provided by private operators in saloon cars. This service is available for hire on a trip basis or on time basis. Taxi vehicles congregate at various locations throughout the city, although none of the sites is officially designated for that purpose.

2.3.1.6 Transport capacity and Organisation

The mini-buses for public transport provide inexpensive and convenient transport service throughout the road network in the city. Presently there are 1424 minibuses operated country-wide by ATRACO and 15 buses by National Board for Public Transport ONATRACOM,

The survey has found out that the companies, which registered for intercity bus operators, have been arbitrarily changing their status from time to time such that the

Ministry in charge does not have a clear track of statistics of the operators within the intercity route.

Providing also this service, are enterprising individuals who may have multiple sources of income and may own several buses. Their drivers are contracted on salary basis or apportioned part of the profit.

Public and private transport operators are organised through 4 organs that handle transport management in Rwanda, which are ATRACO, ONATRACOM, Rwanda Taxi Operators, and Drivers Association. They play an important role in representing the interests of bus operators and taxi operators as regarding business regulatory issues. Apparently, so far, there is no organisation that represents the user s' interests.

Findings

- Rwanda is a land locked country where most of the cargo transportation is handled by road. A railway line would be another means and generally cheaper in such cases,
- So far road construction has depended on asphalt as a universal binding agent for road surfacing, and hence expensive to countries with low economic capacity like Rwanda,
- It is in plan by the government to expand airport facilities in order to match the growing business activities in the country,
- Other flight facilities besides Kanombe airport are the Cyangugu and Gisenyi aerodromes

2.3.1.7 Recommendations

1. Explore more technical options that are available like use of concrete, either in slabs or cast in situ. Best examples can be found at homes, petrol stations and some bus stands. As to why asphalt has been avoided in these respects is explained by the higher costs involved in their maintenance that become more expensive in the long term. Research findings by highway officials in America and South Africa who have been using concrete on their roads for many years show that the annual cost of commonly used low-priced asphalt surfaces works out at USD 21,000 more per km than a concrete pavement. Industry sources put the average life span of concrete road surface at between 25 – 40 years and that of asphalt between 10 – 15 years. Yet concrete roads may carry considerably heavier traffic compared with asphalt. In this light, the government of Kenya has given a go ahead to have as trials 20 km. of concrete road constructed annually.

2. Building techniques in which other countries have gained positive experiences, and in this case, with focus on costs, durability and not least, availability of the building material.

Street parking Fees

Observation of overcrowded parking in CoK streets provides a potential for realizing revenues from street parking. Some street pavements have been damaged and some passengers blocked. On top of revenue gains, charging street parking fees would also serve to decongest the CoK streets, as some motorists would choose to use public transport or to drive into the city only when it is absolutely necessary. This could also provide an incentive for the city or the private sector to develop designated commercial parking spaces in the city. Given the complexity of this activity and in line with the practice elsewhere in African cities, this would have to be privatised. A special study should be commissioned to determine traffic flows and the impact on the city transportation system. Based on a conservative estimate, in relative comparison with earnings in neighbouring countries from this source, the city would earn several millions annually from this source.

2.3.2. Air Transport

Kigali has one international Airport at Kanombe operating under the Airport Authority.

Previously, the airport operations, management and control, were handled solely by the airport authority, but of late, the CoK has been brought on board in the concept of positive engagement in order to improve the performance of services for higher productivity, and create more attractive atmosphere to prospecting investors and visitors.

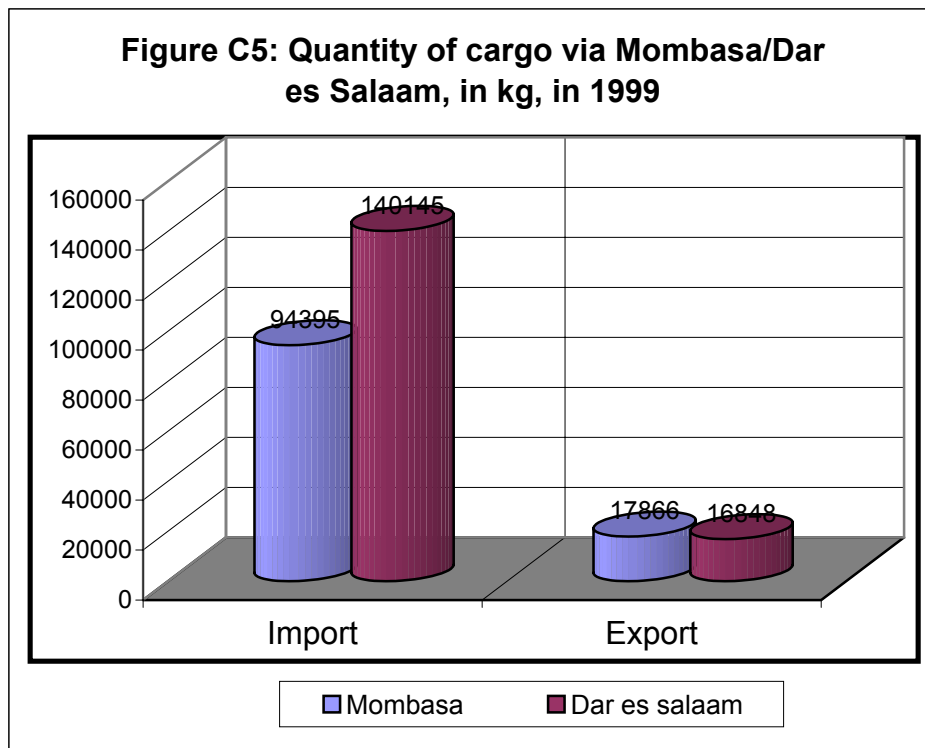
Found in the country also in this respect, are 2 Airdromes which are located at Gisenyi and Cyangugu prefectures.

Kanombe airport has 28 clearing agencies and deal in the clearing of import and export businesses. Most of these agencies belong to private companies that encompass large and medium business enterprises of industries and religious organisations such as CARITAS

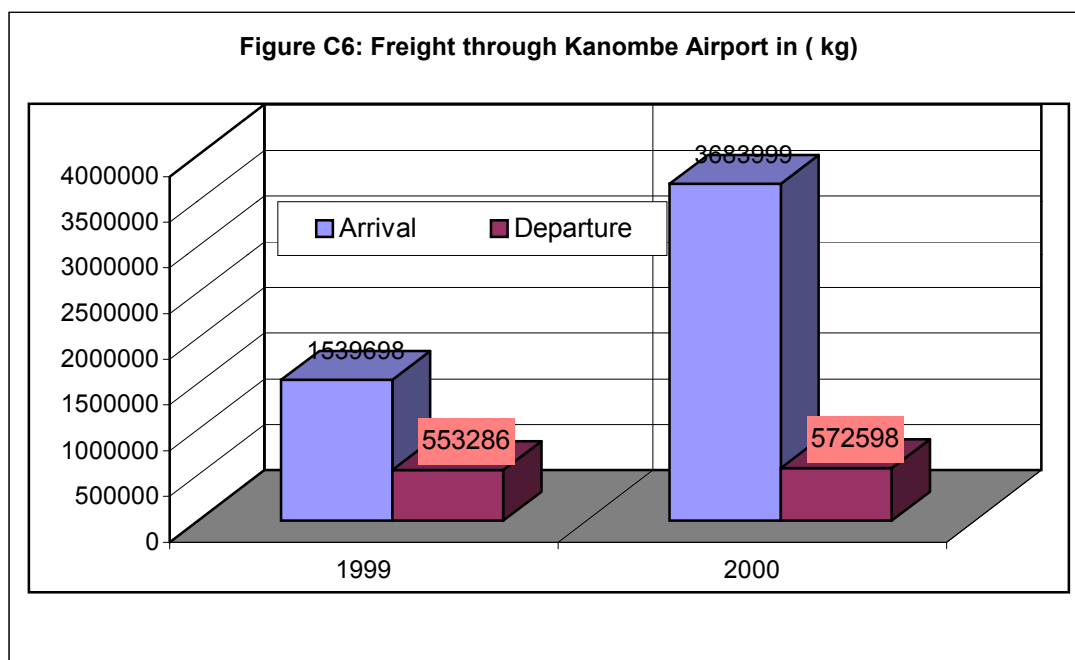
2.3.2.1 Import – Export Cargo

Table C.10: showing annual Cargo (ton) that arrived and departed through the airport in 1999

Port	Import (ton)	Export (ton)
Mombassa	94,395	17,866
Dar es salaam	140,145	16,848



The chart shows that in 1999, the imported weight was 3 times more than the export, and that, Rwanda imported more via Dares Salaam than Mombasa, but neither of the ports attracted special preference in export.



The chart shows departing cargo remained the same in the two years while the cargo that arrived at the airport doubled.

2.3.2.2 Cargo clearance:

The cargo that arrives in the country is temporarily stored at Magerwa, which is a dry port handling forwarding and clearance procedures.

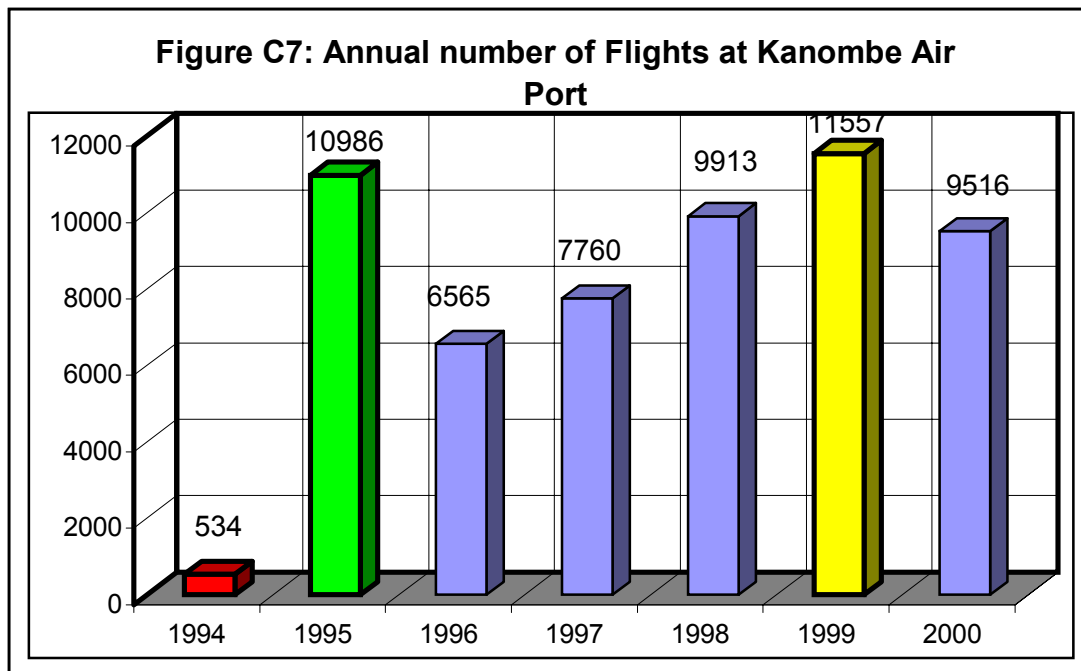
Magerwa dry port is located at 6 km away from city centre, and 10 km from Kanombe Airport. It serves as a storage warehouse for all taxable imports arriving by road and that by air. The residence time of goods in the warehouse; between entry and collection is normally between 1–10 days. About 100 tones of goods are brought to the warehouse and taken out daily. The open storage is available on well paved ground of total size 100 x 100m, whereas the sheltered room measures in total 10,000 cubic meters.

2.3.2.3 Air traffic

The table below shows the annual number of flights at Kanombe Airport from 1994 – 2000. There are 4 regular air companies which fly to the air port twice a week and they are : Sabena, Kenya Airways, Air Tanzania; and DAS air Cargo. Some other Airlines fly less regularly.

Table C.11: The size of freight through Kanombe Airport for the past two years in kg

Year	Arrival, kg	Departure, kg
1999	1,539,698	553,286
2000	3,683,999	572,598



Source: Kanombe Air port

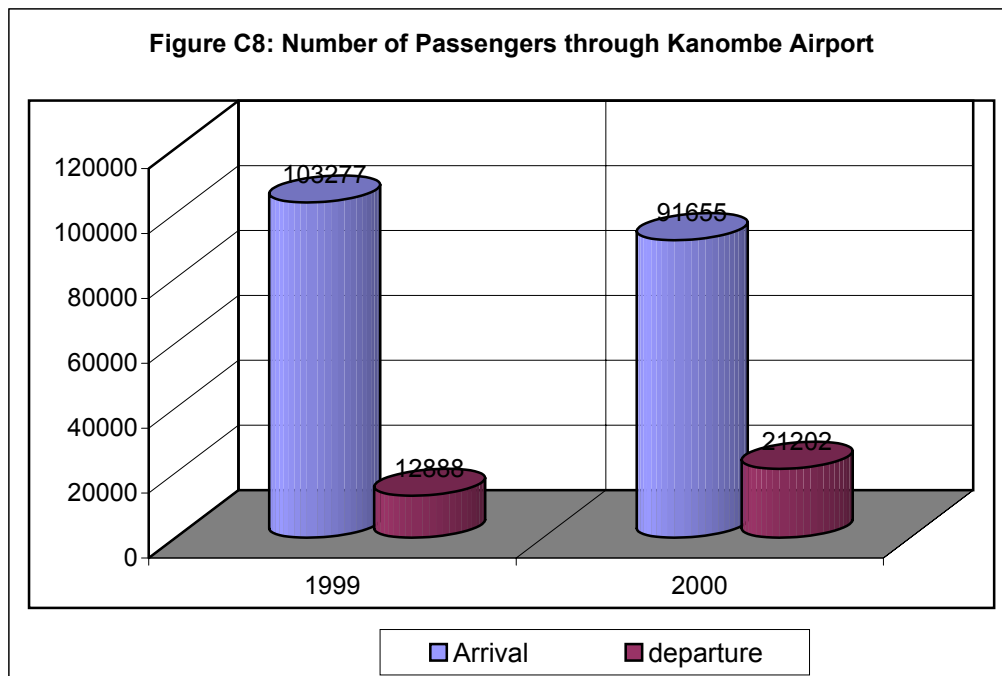
The Figure C.7: shows the number of flights at Kanombe air port for the of last three years.

2.3.2.4 Flight Passengers

Table C12: Number of passengers through Kanombe Airport for the past two years

Year	Arrival	Departure
1999	103,277	12,888
2000	91,655	21,202

The number of departure and arrival for 1999 - include internal flights



2.3.2.5 Airport Extension Plans

The open ground at Kanombe airport is reserved as stand-by storage warehouse, particularly for keeping containers.

There are three wards, which are normally used as storage facilities for the arriving and departing cargo. The wards are not yet at maximum capacity of use, and therefore more storage room is available.

It is also in plan to expand the storage capacity of the cold room in order to store more produce for a longer time and also:

- a) to construct another runway of same capacity as the one at Kanombe;
- b) to expand Kanombe airdrome to serve as transit port for Congo and Burundi;
- c) to use railways connected to the Southern and Eastern countries so as to offset high truck costs. The charges for cargo transportation by road through Tanzania, Uganda, and Kenya cost about 160 – 200 USD per tone.

2.3.2.6 Recommendations

1. Continue with the existing plans for expansion. In the modern times of economic liberalization we expect more economic activities in the country in the sense of increased exportation and importation of goods, and also increased passenger traffic. And so, the existing plans to expand the airport landing capacity, as well as expansion of the related supportive facilities should gradually be carried on for real implementation.
2. Improve and modernise the aerodromes Cyangugu and Gisenyi in order to attract more business, reinforce and complement the capacity of Kanombe International Airport.
3. Tighten security at Kanombe airport in line with international standards. In the wake of increased activities of insecurity through airports, it may not be enough to attain our economic aspirations in this area by only expanding the airport runway and its supportive services.
4. Preserve enough land space, with accessibility, for constructing a railway station for the Kigali – Isaka (Tanzania) route. This should be in the plan for the near future to expand cargo import/export traffics and at the same time to offset high truck costs.

SECTION 3: ENERGY AND WATER SECTOR

3.1 Energy Sector

In every part of the world, energy is used to cook food and warm or cool down dwellings. As substitute for human labour, energy also plays a fundamental role in industrial development. In addition to these beneficial roles, however, pursuit of energy is also a major cause of environmental degradation. For instance; overuse of bio-mass without replanting leads to desertification and more climatically adversities; firing fossil fuels leads to gradual warming of the atmosphere; whereas big hydropower installations may cause ecological degradation and directly displacing human settlements.

The energy sector in Rwanda has done its utmost to serve the society but so far the majority remain to be served, and it will take long before “energy for all” becomes a reality – mainly due to insufficient economic resources at hand.

The main sources of commercial energy applied at factory and industrial level in the country are petroleum products, electricity, gas and wood, whereas at the domestic level the majority of the population use wood for their energy requirements.

The low level of living standards of the majority, and the low level of industrialisation demonstrates that in Rwanda, supply of energy is scarce and expensive.

In response to the said situation, and in the context of this study, the proceeding sections hereon has dwelt on the energy and water distribution systems in CoK.

3.1.1 Energy utility – ELECTROGAZ

ELECTROGAZ is a state owned power utility that also handles water generation and supply country – wide. The utility was established by Decree Law No 18/76 dated April 20, 1976; to undertake responsibilities in generating, transmitting and distributing electricity, water and gas in the country.

ELECTROGAZ is governed by a Board of Directors appointed by the President of the Republic. The Board is empowered with complete supervision of the management and administration. Operation of the day today duties is carried out under the general manager who is supported by five Departmental Directors, namely: administrative and financial, electricity operations, water operations, commercial operations and personnel departments.

ELECTROGAZ operations are characterised by inefficiencies and poor performance. Existing infrastructure is old and badly in need of rehabilitation. For example more than 78% of pipes in the water network are over 20 years old. Very little preventive maintenance has been carried out over the years, leading to further degradation of equipment. ELECTROGAZ suffers from high technical loses; 33% in electricity sector and 51% in water sector) and low productivity. ELECTROGAZ is not meeting the needs of an already limited customer base with unreliable service characterised by frequent outages and interruptions in both the water and electricity sectors.

3.1.2 Country energy situation

The energy situation in Rwanda relies on two main sources which are bio-mass and imported petroleum products. Bio-mass accounts for 96.2%; and the remaining 3.8% is based on electricity, kerosene, and Liquefied Petroleum Gas (LPG). With the exception of electricity whose consumption is 50% locally generated, all other petroleum products are imported and expensive. In terms of commercial energy consumption like: oil products, electricity, charcoal – (produced locally); and wood – annual consumption, in the order of toe is among the lowest in the world. Below, is table showing energy consumption patterns in the country.

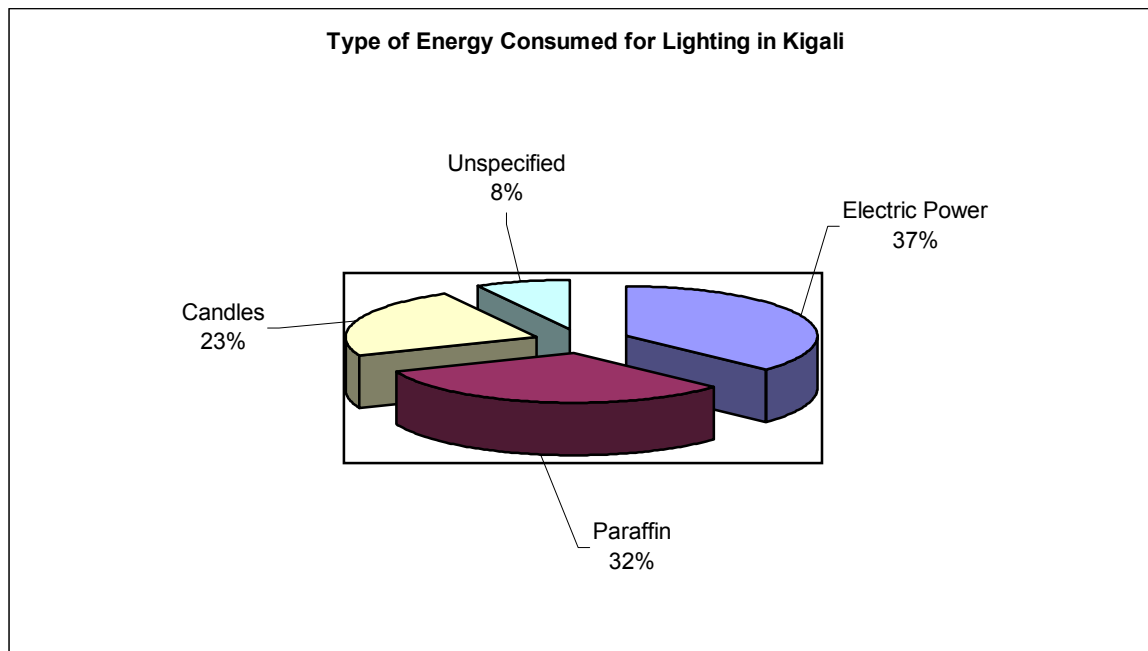
Table C.13: Shows different types of energy source

	k.toe	%
Net supply		
Wood	1160.0	80.4
Agricultural residues	154.0	10.7
Petroleum fuels	87.0	6.0
Charcoal	27.7	1.9
Electricity	12.6	0.9
Peat	1.7	0.1
Methane Gas	0.4	0.03
Total	1443.4	100
Net Demand		
House holds	1321	91.6
Transport	60	4.2
Industry	36	2.5
Public services	23	1.6
Others	1.4	0.1
Total	1443.4	100

Source: The Government of Rwanda, Ministry of Energy, Water and Natural Resources,

Lighting

Figure C10: Type of Energy Consumed for Lighting in Kigali



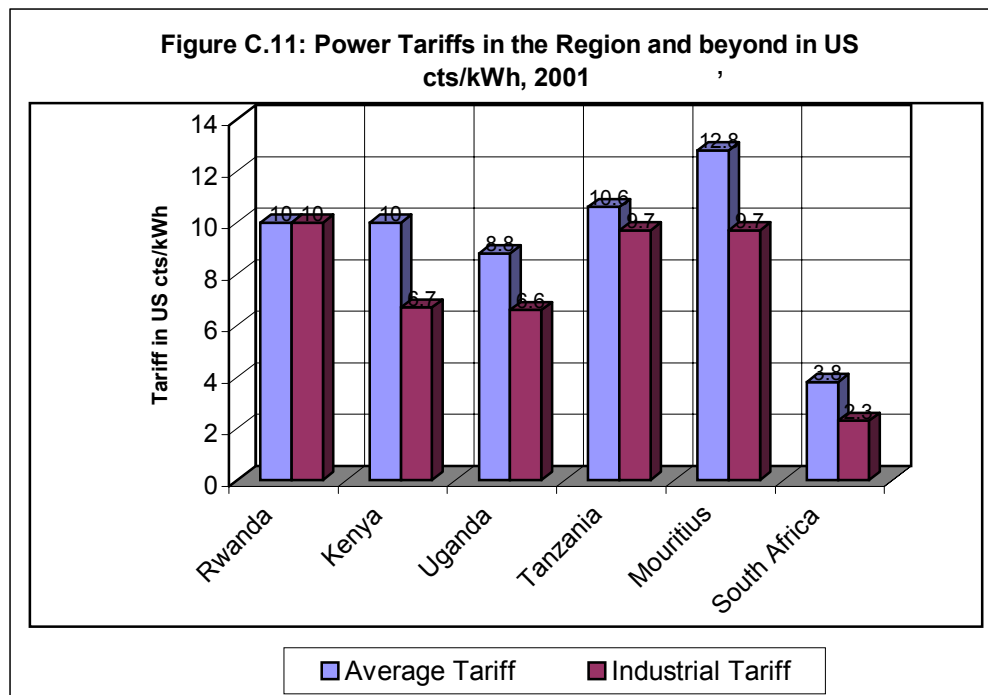
As presented on the pie chart, only 37% of the total households in CoK (121,109), use electricity for lighting and, 32% households use paraffin, whereas 23% households use candles. 8% which constitute 9,688 households use unspecified sources for lighting. The statistics shows that out of ten, more than 6 house holds do not have electricity at their dwellings.

Electrogaz has approximately 53,652 consumers within the city precincts and 85,197 consumers country-wide. The company projects the clientele size to reach 100,000 by the year 2003. Currently there is no imminent plan to expand the electricity generation in terms of new construction, but there are plan to connect the national grid system to the power pool grid system of the SADEC countries.

The company nevertheless, has introduced various systems to improve customer services such as:

- Prepayment metering system;
- Increased revenue offices;
- A new computerised billing system and;
- New central control, in Kigali.

The cost and availability of energy affect all economic sectors at all levels. And one of the incentives therefore that would attract more investors to invest in Kigali is comparatively lower cost of production, in which case, electricity tariffs and reliability of supply play a decisive role; to invest or not.



The histograms show that, Mauritius has the highest average power tariffs: 12 USCts/kWh, and South Africa the lowest 3.5 USCts/kWh. In terms of Industrial power tariffs, Rwanda portrays the highest rate of 9.5 USCts/kWh followed by Tanzania: 9.5 USCts.

In this perspective, it is thus imperative to re-visit the tariffs and perhaps look first into the costly factors that place the tariff rates exceptionally high in the region.

To have the tariffs within comparable levels in the region should be the objective of the government, since electricity forms one of the factors of production, and hence an important area of concern to potential investors.

3.1.3 Electricity, import/export trends

Table C.14: Production, Importation and Exportation of electricity in Rwanda

Year	Production (kWh)	Importation (kWh)	Exportation (kWh)
1998	127,175,480	60,461,017	896,874
1999	128,181,580	70,215,550	875,833
2000	110,842,390	94,088,250	1,068,283

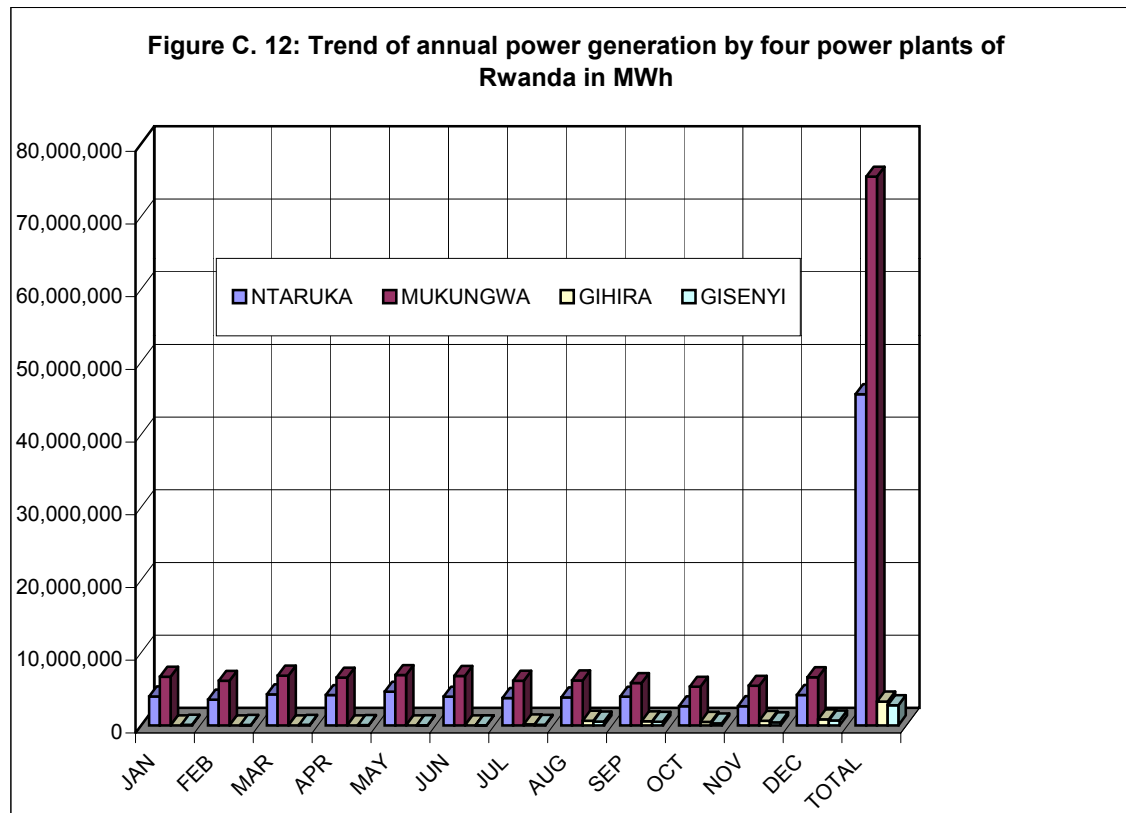
Electricity generation

Table C.15: Installed Capacity in the country

Power plant	River	Installed Capacity (MW)	Annual production (GWh/ an)	Year installed	Year of Rehabilitation	Water Head (m)
Gihira	Sebeya	1.8	9.8	1985		62
Mukungwa	Ruhundo lake	12.45	48	1982		30
Gisenyi	Sebeya	1.19	8.4	1969	1980	83
Ntaruka	Burera lake	11.25	22	1959	1987	103
Rusizi 11	Kivu lake	29		1999		28.5
Gatsata	Gasoil	2.01	15	1975	Operation stopped since 1997	
Total		57.7	103			

There will be an additional power generation of 14.6MW from September 2001 into the national grid system after the completion of Ruzizi 11 which will be generating power to DRC (Kivu,) Rwanda and Burundi.

- Rusizi 11 is shared among the three countries Rwanda, Burundi and Congo
- The Gazoil power station of Gatsata stopped in 1997
- A third unit is being installed at Rusizi 11 which is expected to bring in more 14,6 MW



The histogram shows that, of the four rivers, river Mukungwa generates the highest amount of electricity of all, 73,000,000 MWh. Otherwise, for each month, the generation by each station is much below 10,000,000 MWh, with least production from Gihira and Gisenyi rivers.

3.1.4 Electricity –Water trend

Table C.16: Electricity / Water clients country –wide

Year	Electricity	Water	Total
1998	42,917	24,528	67,445
1999	48,402	27,001	75,403
2000	55,941	29,587	85,528

There are two distribution transformers of 110/15 kV each and dispatching post of 42 MVA. in the City. The total length of the network in 1998 was 1178.6 km for low voltage transmission and 222 km for medium transmission network.

The number of clients for both Water and Electricity in Kigali in 1999 was 53,652, whereas the clientele country – wide was 85,652.

Of the overall clientele, Kigali alone accounts the whole 63% of water–electricity.

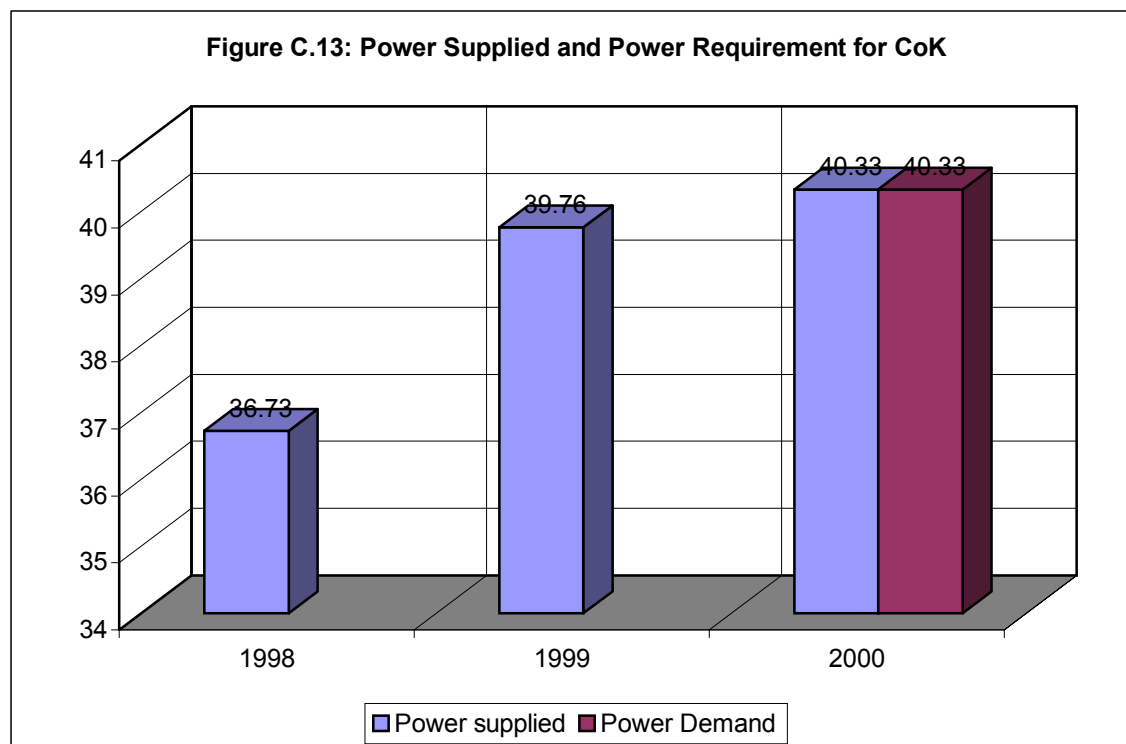
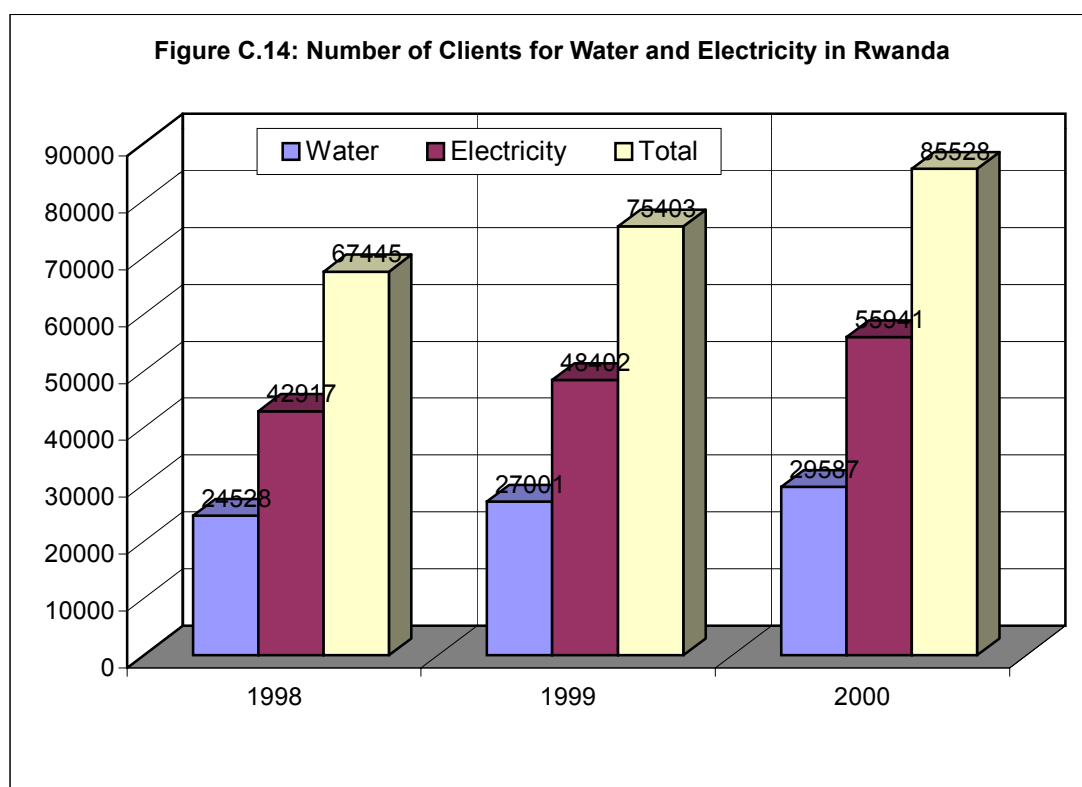


Table C.17: Trend of power import and export in Rwanda for the period of 1996 - 1998

	1996		1997		1998	
	Import	Export	Import	Export	Import	Export
JAN	131,200	1,533	138,717	43,566	207,917	75,803
FEB	60,600	6,766	157,567	45,500	196,900	62,400
MAR	141,166	23,167	9,550	55,200	102,900	550,033
APR	89,534	19,233	0	60,933	189,350	70,767
MAY	567	21,717	669,967	47,933	152,483	72,883
JUN	2,784	33,617	423,500	56,833	165,233	69,250
JUL	0	30,650	48,533	56,400	138,417	72,467
AUG	35,633	32,350	139,683	57,566	80,417	67,283
SEP	76,600	34,050	67,467	53,700	28,533	69,367
OCT	164,466	41,167	67,467	57,900	58,967	61,583
NOV	114,184	41,800	146,417	59,333	9,800	68,550
DEC	115,683	0	91,917	75,300	2,100	70,967
TOTAL	932,417	286,050	1,960,785	670,164	1,333,017	1,311,353



The presentation shows that, the size of clientele for electricity for all the years is almost double that for water. Conversely, more people have afforded connections to electricity,

perhaps, at least for light, but some of them have no access yet to piped water which is relatively more essential in life.

Lack of electricity may be a discomfort, but lack of safe water undisputedly causes diseases and eventually death when unattended. However it is encouraging to note an ascending trend of new clients in the 2 utilities between 1998 –2000.

3.1.6 Water – Electricity Consumption

Table C.18: Electricity and Water Consumption in Kigali in 1999.

Product	Low voltage consumers	Medium Voltage consumers	Total
Water (m ³)	4,085,150	416,471	4,501,621
Electricity (kWh)	38,987,980	40,491,010	79,478,990

Conventionally, it is the mandate of the government to support development oriented initiatives that increase access to electricity even beyond the ELECTROGAZ's perimeter.

The government is currently carrying out preliminary investigations with the intention to develop and test technical, financial and institutional instruments that will be required in case of increased electricity demand outside the main cities. As such, it is within policy that, should the project progress to implementation, then equal opportunity to execute the job will be open for the private sector, competent institutions as well as ELECTROGAZ.

Historical performance and present position clearly indicate that the financial position of ELECTROGAZ has been deteriorating over the last ten years: the capital structure has been deteriorating, and since 1988, ELECTROGAZ failed to service its debt obligations vis-à-vis the government and the arrears to SINELAC amount to more than US\$ 30 million.

Findings

- The sole reliance on a single company for electric power supply has bred monopolistic tendencies of excessive tariff rates in the regional perspective; which in a way inhibits investment in the manufacturing sector;
- Hydro stations are the only source of Grid electricity, and so far there exists a study on the feasibility of other options, for instance thermal generators;
- Alternative sources of energy like solar energy, bio-mass, wind energy etc. are almost unknown and so far untapped in the country;

- In most cases water heating is done on electricity in most towns, a service which could be done wisely on solar heating and relegate electric power to factories and industrial operations;
- There is apparent lack of economic incentives for new ventures in the sectors of industrial production and the overall service sector owing to unfavourable policies and inadequate advertising measures;
- Low economic capacity of the majority to finance electric power connection and subsequent payments for power consumption;
- Use of inefficient equipment that consume more power than the expected service: for instance, most of the electric bulbs convert most of the electricity into heat instead of illumination;
- Where available electricity is sometimes not switched off soon after use;
- In regard to security lighting in the city, most of the streets are dark at night as the service is not provided.

3.1.7 Recommendations

1. With the collaboration of the Ministry of Energy, Water and Natural Resources, devise a clear policy regarding the conducive environment for Independent Power Producers (IPPs) to invest in Kigali. Once this is implemented the IPPs will operate at competitive tariffs which may attract investors and at the same time offer reliable and quality services for the people of CoK.
2. Create an incentive framework to stimulate export and enhance confidence of the private sector, reform public enterprises and increase the efficiency of the utilities and of the financial sector, liberalise the labour market and implement well-targeted measures aimed at alleviating poverty. Restructuring ELECTROGAZ would improve the efficiency of the largest public utility of Rwanda and address pricing issues as a key sector of the economy. Owing to extreme weaknesses of ELECTROGAZ in the sense of developmental, technical and financial status; the new sector strategies, as well as institutional reforms should aim at improved performance in these respects.
3. Promote activities that will increase people's access to electricity and promote effective and efficient use from the household level up to the level of commercial activities.
4. There are literally thousands of different types of technological and operational measures that can improve energy efficiency. They cover residential and commercial buildings, industry, transportation and the electric utility sector, as well as the distribution of energy to end-users. It should be noted that, many of the efficiency improvements could be implemented much more economically that, new energy supplies could be developed.

5. Foster conservation by voluntary or mandatory institutional changes.
6. Adapt a “least-cost planning”, a process for examining all electricity-producing and electricity – saving options and selecting the mix that minimizes total consumer costs. Since conservation investments often cost considerably less than what a utility would otherwise have to spend in order to generate electricity, least – cost planning can benefit energy producers as well as consumers. Experience has shown that, many other utilities find that investing in conservation measures on behalf of their customers—for example, supplying them with high-efficiency bulbs at little or no cost – proves financially beneficial. In this way, the utility saves in the short run through reduced operating expenses, and in the long run by not having to build new multimillion dollar power plants to satisfy expanded demand. Whereas energy planning previously focused primarily on expanding conventional energy supplies, in the future Rwanda should consider improving energy efficiency as an economic option towards the same goal. The plan and initiative to connect the national Grid into that of the SADEC countries underlines the concept even more.
7. Accelerate provision of streetlights in the city in the coming few years to serve the core role of security this must be a priority of the city to bring down the crime rate.
8. Transform Electrogaz into a private operation under a contractual framework that would include the necessary incentives and expectations. Full autonomy in the new operation is required even though the electricity tariffs require government approval.
9. Rehabilitate and continuously maintain the existing power generating stations in order to sustain the present supply and perhaps serve some of the rising demand.
10. Promote and support private investments in general power expansion at the present stations, as well at new stations that include small and mini hydro; without disregard of thermal – power generation as another alternative. Thermal-fired power plants or fossil – fuel fired may operate on coal, gas or diesel—cases which are already found in the region and could be investigated.
11. Initiate and promote energy –saving programmes that include use of more efficient equipment; and country-wide, make people more aware of possible savings from intelligent usage. Use of solar energy for hot water on a wide scale could offset a considerable amount of electric energy that the country would require for industrial production and thus an aspect of higher priority for any developing country.
12. Support relevant groups, organisations and institutions in research work and the applications of alternative energy sources by more people. The off – the shelf options are: solar energy for lighting, water heating, fruit drying; use of bio-gas for cooking and lighting; and use of wind energy for electricity and for pumping water.

3.1 Water supply

There are 2 treatment facilities for water in Kigali of which one is located at Kimisagara. The volume of water that is treated daily for consumption from the two stations amount to 677,510 cubic metres.

From the treatment stations, water is ferried in main pipes of diameter 600 mm, of total length 3300 m. Otherwise the grand total of the pipe water network in the City is 885,323 m which comprised of pipe diameters that range from ½ inch up to 600mm.

At the moment 80% of drinking water is from one surface source of river Yanze, while 20% is drawn from underground sources made of the following rivers: Jari, Kinyinga, Kizanye, Rwampara, and Mburabuturo.

Owing to the continuous growth of water demand in the city, the government has come up with a comprehensive water master plan, document 2001-2010 which identifies further sources of water to be from river Mtobo (Ruhengeri Prefecture), river Nyabugogo (Kigali) and lake Mugesera (Kibungo Prefecture).

3.2.1 Potable Water

In 1992, ELECTROGAZ served 76% of the city population. The number of connections to individual households were 11045 which constituted 63% of all the connections. Connections to institutions were 132, whereas for public institutions were 107.

Table C.19: Water supplied to network:

ELECTROGAZ Network and developed sources / potable water (%)	Non developed sources (%)	Others (%)	Not specified (%)
89.7	3.5	6.3	0.4

Source: MINECOFIN, JULY 1997

The table shows that most of the water (89.7%) is handled by Electrogaz, and it is potable

Water treatment

Quality of Treated Water: Even though piped water in CoK is treated to international standards, it may thereafter get contamination from porous pipes when pipes are dry in the situation of water log ness – out of sewage.

In the year 2000, the number of reported pipe cracks and leaks were 1064, which are attributed to excessive water pressures largely caused by the undulating land terrain. It was observed that a large number of dwellings in the central part of CoK and in the middle and high income neighbourhoods have water storage tanks that range from 100 litters up to 5000 litters. The tanks are usually plastic “SIMTANK” or galvanised steel construction.

Normally the size and type of these tanks should be approved by the city engineer as a package of the building permit.

Table C. 20: Kimisagara Water Treatment Plant, 1999

Main source			Minor sources			
Water	Units	Quantity	Rwampara	Kizanye	Kinyinya	Mburabuturo
Raw	m ³	682,860	31,907	5,791	23,724	23,724
Treated	m ³	677,510				
Consumed at the Company	m ³	2,376				
Water supplied to the Net work	m ³	668,931	31,907	5,791	23,724	23,724

Source: PNUD: Schema Directeur de la CoK Horizon 2020

The above data is translated into the histogram hereunder

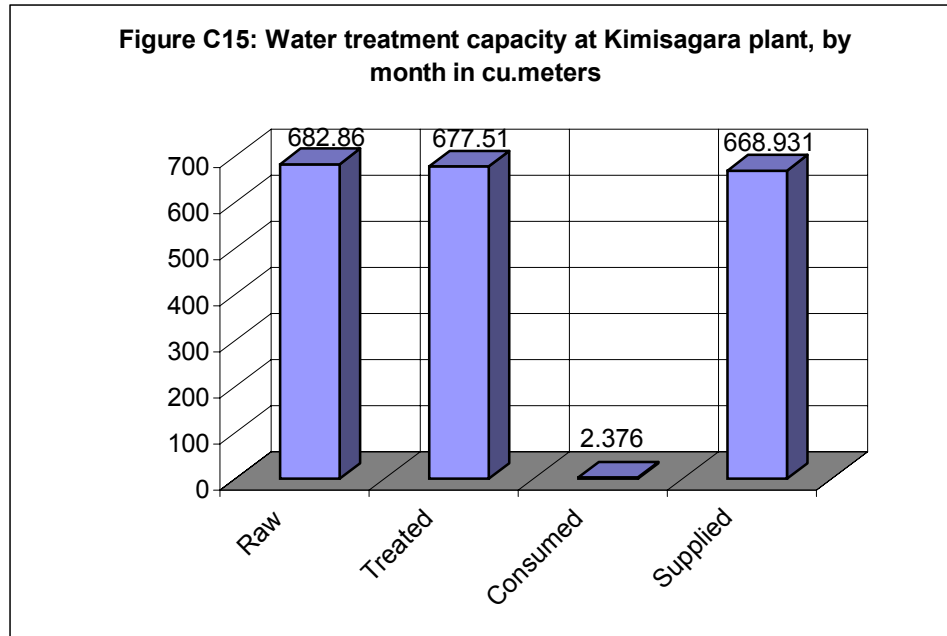


Figure C.15 shows that most of the raw water entering Kimisagara plant is treated and supplied for consumption. Only a small fraction, as shown by the shortest bar is used at the treatment site. And the monthly amount of water supplied to Kigali water network by the plant was 677,510 m³ in 1999.

Trend of Water supply for the CoK

Table C.21: Trend of water supply

Year	Raw water (m ³)	Treated water (m ³)	Supplied water (m ³)	Sold water (m ³)	Power used (kWh)	Efficiency of the system (%)
1998	862,5643	804,7668	799,0150	463,1235	672,803	57,96
1999	872,6775	843,9067	829,729	3,433,010	6,957,970	41,37
2000	719,082,6	70,027,49	6,897,774	4,231,526	5,976,236	61,26

Other water supply sources

Boreholes:– The survey indicated that 0.5% of the households representing about 606 Kigali residents are supplied by water from boreholes. There are only a few boreholes within the Kigali City, and they are all private and located mostly in remote, sparsely populated areas. However, there is no information available to indicate if the existing boreholes are shallow or deep.

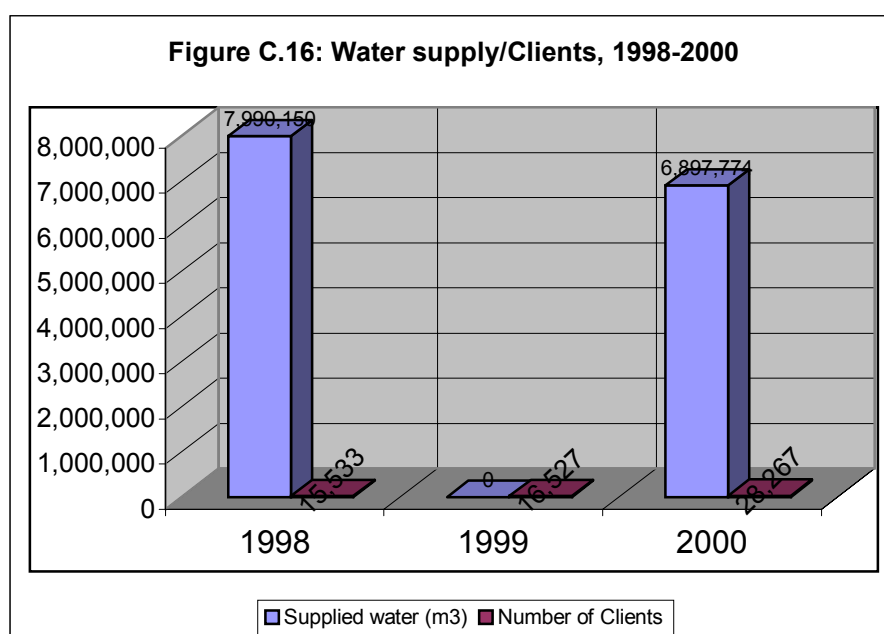
The potential of ground water as a source of potable water is limited. The tests indicated low field and high construction cost for boreholes.

Other water source:- 1.4% of Kigali households, representing approximate 8478 households draw water from streams, rivers, lake, pond, dams, and other similar sources for their domestic use. It is documented that, lake water and that from dams contain bilharzia, and so its consumption should be discouraged.

3.2.4. Water distribution system

Table C.22: Water distribution system

Year	Supplied Water (m ³)	Sold water (m ³)	Length of the Net Work (m)	No clients	Meters	Connections
1998	7,990,150	4,631,235	835,301	15,533	14,396	15,533
1999	-	-	862,833	16,527	15,100	-
2000	6,897,774	-	-	28,267	-	-



Based on table.C.23, the histogram shows that the number of clients increased by 45% during the period 1998 –2000, but to the contrary, during the same period the supply decreased by 14%. Data for supplied water for the year 1999 was not available.

The negative trend of water supply indicates capacity instability of the sector, and not only a position of weak status, but also a picture of unpreparedness to meet future challenges of rising water demand. More water will be required as the population goes

up, and as urbanisation paces up—with all its attributes. Therefore, there is need to rehabilitate the present supply sources, as well as to top up with new sources.

The inside corrosion results from water reaction with the pipe lining, a natural phenomenon that is basically caused by the chemical activity of soils which is more predominant in water logged areas. It is estimated that currently at least 40% of the produced water gets lost in the distribution system and 10% in the transmission lines. The water distribution network, consisting of the high and low level systems, covers approximately areas of 157 square kilometres, which is roughly 45% of the total areas of CoK.

3.1.7 Water Billing and Payments

In general it is believed that the reluctance to pay is partially economic, as tariffs may be too high for a certain segment of the population.

Historically however, water has not been a commercial commodity, but rather a free service, and the perception may be reinforced when bills arrive late from the utility or missing altogether due to wrong addressing and sometimes getting lost on the way.

Cases of defective water meters, as well as sporadic water supply have been reported during the survey being further areas of dissatisfaction as the clients are any how billed.

3.2.6 Water projects and prospects

Table C.23: Projects undertaken so far.

S/N°	Projects	Status	Capacity	Schedule
1	Extraction of underground water from Nyabarongo Valley.	Under Construction	4000m ³ / day	Nov. 2001
2	Reinforced of Karengye System	Under Study	4000 m ³ / day	2004
3	Clean water supply from Nyabarongo river	Provisional	37500 m ³ / day	2006
4	Clean water supply from Ruhengeri Streams	Under investigation	129000m ³ /day	2006

Findings

- In regard to water distribution, there are interruptions of the main water lines from source to heavy consumption points leading to unreliable operations of the service;
- Electrogaz is deemed as the sole dealer in water supply and hence a disincentive for community initiatives in isolated locations;

- This exists in the city lack of drains for both storm and waste waters.

3.1.8 Recommendations

1. Ensure that water supply lines from water storage sources into the city are of large diameter size, and without interruptions on the way so that water delivery is rapid enough and commensurate with the demand which exists from the household to the factory up to industrial level.
2. Promote local participation, planning, and community management of water delivery services in terms of administration and fiscal decentralization, including the expansion of water production outside the ELECTROGAZ perimeter.
3. Plan, survey and build sewer systems for waste water, and appropriate drains for storm water, as one of the measures to improve the city's cleanliness and sanitation, as underlined in the master plan 2020. The department of public works in collaboration with the departments of physical planning should prepare guidelines on wastewater re-use and discharge and these to be followed in order to forestall risks of environmental pollution, which may be hazardous.
4. Before disposal, wastewater requires treatment, and this fact should apply to households and communities. Wastewater can be treated to levels safe enough for economic re-use, such as irrigation and maturing of crops. Stabilization ponds and lagoons have remained for so long, common ways of handling wastewater for communities, a habit that must change into adaptation of re-cycling techniques that contribute to rational water use.

SECTION 4: LABOUR

4.1 Background

Before the implementation of the decentralization policy, the CoK then PVK had only three districts namely Nyarugenge, Kacyiru and Gikondo, which had enough staff. There were also staff who were working at CoK headquarters. During that time of centralized administration the headquarter of the City issued instructions to lower levels regarding what should be done and also rendered necessary assistance to those districts. In short, all districts depended whole on decisions made by higher authority in the City. However, after the implementation of the decentralization policy in June 2001, three more districts were created within the city itself namely Nyamirambo, Gisozi, and Kicukiro, and other two districts from Kigali rural were annexed. These are Kanombe and Butamwa.

While the old districts retained their former staffs, the new districts especially Gisozi and Nyamirambo face acute staff shortage as can be observed from the table C.25.

In its attempt to alleviate staff shortage problem, the city leadership deployed staff for Department of Physical Planning to all new districts with the purpose of ensuring proper and efficient plot allocation together with accelerated process of reviewing building permit at the district level. Nevertheless this decision was not well received by the district mayors as they were compelled to pay salaries to the staff who are not able to solve peoples' problems at the districts, as non of this staff are qualified for that job.

4.2 Education and Training

The objective of the study was to determine the education levels of CoK staff and their relevancy to their jobs (degree of discrepancies). To identify type of training needed for different types of specific skills, and whether skills can be offered by any of the local institutions.

4.2.1 Methodology and Approach

The Methodology used to collect primary data involved interviews with permanent employees of CoK, which were considered as survey population.

Sample size was chosen to be 25% of the population due to the time limit. Therefore 25% of employees from each department and for each district were supposed to be interviewed, but during the exercise it was decide to do convenient sampling that is a sample based on the availability of the staff. Although the total sample amounted to 25%, samples from some districts were somehow below 25%, while others such as Kicukiro had sample size above 25%.

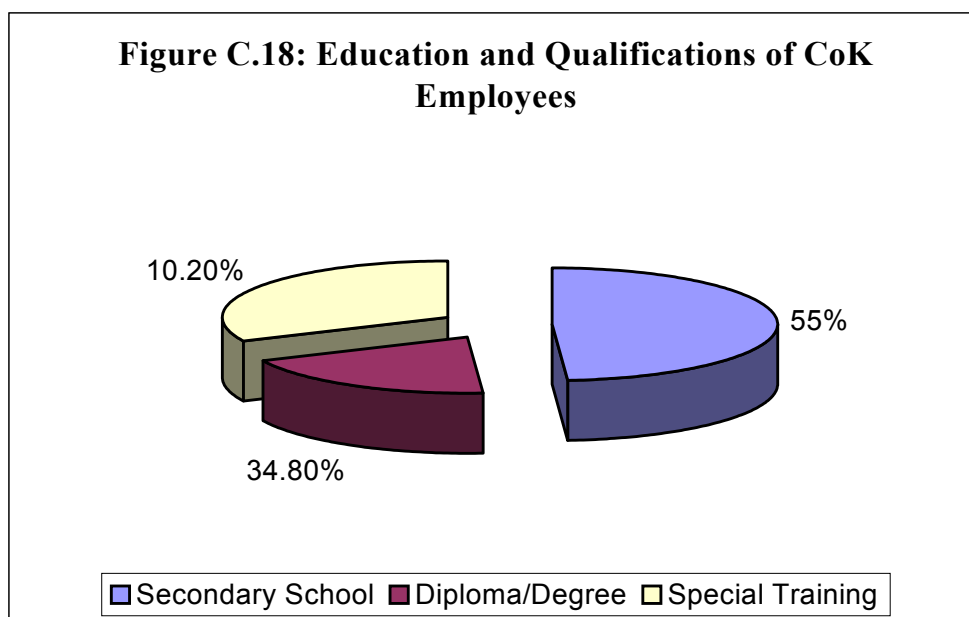
Table C. 25: Education and qualifications for CoK staff.

District	N° of Employees	Sample Size		Staff with secondary certificate		Staff with diploma/ degree		Staff attended training		Relevance of education to the job				No Comments	
		N°	%	N°	%	N°	%	N°	%	Yes		No		N°	%
											%		%		
CoK – HQ	251	60	24	23	38	28	46	9	15	22	36.	7	11	31	51
Nyarugenge	83	20	24	3	15	6	30	1	5	4	20	0	-	16	80
Nyamirambo	3	3	100	1	33	2	66	0	0	1	33.3	0	-	2	66
Kacyiru	63	15	24	10	67	4	26	1	6	2	13.3	0	-	13	86
Kicukiro	34	10	29	8	80	2	20	0	0	1	100	0	-	9	90
Gisozi	1	1	100	0	0	1	100	0	0	1	100	0	-	-	-
Gikondo	41	10	24	9	90	0	-	1	10	1	10	0	-	9	90

Kanombe	32	8	25	5	62	3	37	0	0	1	12	1	12	7	87
Butamwa	31	8	26	5	65	1	12	2	25	0	-	0	-	8	100
Total	539	135	25	74	55	47	35	14	10	33	24.4	8	6	95	70

Out of 135 staff interviewed, 74 (55%) have attended secondary school. 35% are holders of either diploma or university degree, whereas 10% attended training for specific skills.

Regarding the relevance of employees' education to their jobs, it was revealed that only 24.4% agreed that their education was relevant to their jobs, while 6% admitted that their education was not relevant to their jobs. However, majority of respondents around 70% refused to comment on the relevancy of their education to their jobs.



4.2.2 Identifying Training needs.

Effective training and development requires a systematic approach, which will start with the needs defined by the resource plan. There are two major benefits resulting from effective training and development. The first benefit is higher quality staff with greater commitment to the organization and improved service. The second benefit is to the individual employee that has increased motivation, developed abilities, talents and skills.

In assessing training needs respondents were asked to identify those skills that are necessary to perform their jobs. They were also asked to rate those skills, for example if a particular skill is very important, moderate, important or not important. Later, they were asked to indicate whether the need for training was immediate, moderate or there were no need.

Table C. 26: Training needs.

Skill necessary to perform the job	Rating of the skills		Need for training	
	Very important	Moderately important	Moderate need for Training	Immediate need for Training
Project Planning	12			10
Computer	35	19	24	47
Management & Administration	42	6		27
Gender Issues	6		9	8
French Language	7	10	23	17
English Language	23	19		19
Laws	12			10
Urban Environment	3			3
General Health	4			4
Secretarial	3			3
Roads & Bridges	4	2	2	3
Environment	3			3
Accountancy	7	3	4	7
Taxation	4	1	2	3
Information Technology	3	4	7	2
Total	168	64	71	193

168 staff identified the skills to perform their job is very important at the same time 193 respondents feel that they need immediate training. The two figures have close relationship with the low percentage of staff with diplomas/degrees (34.8%), and low percentage (24%) of relevance of education to the jobs. The reason as to why the figures are higher than the number of respondents is that one respondent could identify more than one skill and rate them according to his/her feeling. Likewise classification of the need for training depended on the individuals need intensity.

Table C. 27: Training programmes offered by Universities/Institutes in Kigali.

District	University/College	Programme offered	Status	Capacity Students	Capacity Academic Staff	Contribution of CoK
Kicukiro	APAPE	Secretarial	Private	120	40	
		Laws		100		
		Commerce		600		
	Solidarity Academy	Automobile	Private	700		
		Electromechanical				
	APEHOT	Hotel	Private	245	32	
	ISFP (Gikondo)	Finance	Public	106		
Nyarugenge	UNILAK (Kicukiro)	Humanities	Private	306		
	CETAI	General Medical	Private		30	
		Automobile		245		
		Electromechanical		55		
	ETO Muhima	General Mechanics	Private	500	38	
		Automobile				
		Electromechanical				
		Electronics				
		Construction				
	Ecole des Mertie de Nyamirabo	Construction (A3)	Private	100	15	
		Highway Construction (A2)				
	KIST (Nyarugenge)	Technical & Management	Public	1700	140	
	KHI (Nyarugenge)	Medicine		282	96	
Kacyiru	ADB	Electronics	Private	292	40	
	KIE (Remera)	Pedagogy	Public	294	39	
	ULK(Kacyiru)	Humanities	Private	1406	49	
Kigali Economic Development Strategy			245			

	UAAC(Remera)	Social Science	Private	216	34	
Kanombe	ISAE	Agriculture	Public			

Following the identification of skills to perform different jobs by staff the CoK management can make training arrangements with any University or Institute depending on the immediate and priorities needs of the CoK.

4.2.3 Human resources and Training for CoK

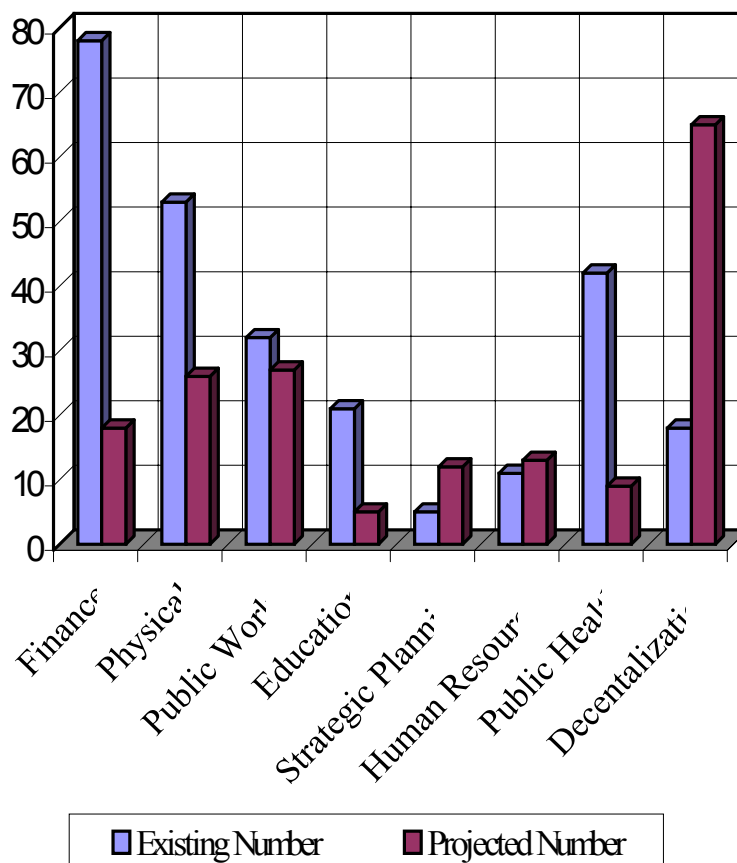
In order to increase efficiency and cost reduction CoK has adopted and implemented restructuring policy from September, 2001 by reducing number of employees under competitiveness interview as shown in table C.28.

Table C. 28: Human Resource

Category of Human resources by Department	Current Manpower	Expected Actual Manpower – 1st Phase by Sept, 2001.
Finance and economic planning	81	19
Urban physical planning	56	26
Public works	34	27
Administration, political., legal and local government administration		
Education, information & communications	23	5
Safety and Security		
Strategic planning & coordinaiton division	5	12
Human Resources & Training	12	13
Public Health	43	10
Policy, Decentralization & good governance	19	68

Observations reveals that, currently, there are no output evaluation systems for the staff of CoK against which to base on staff motivation, assessment of needs for re-training of re-deployment, promotions, and other incentive systems.

Figure C. 19: The Projection of CoK Staff from Sept, 2001



4.3 WAGES

Employees exchange work for rewards and the most important reward and certainly the most obvious is money. The goals of compensation administration are to design the lowest pay structure that will attract, motivate and retain competent employees.

Comparisons of wages among competing organizations within CoK, was done with the purpose of determining the ability of CoK as an employer to attract highly qualified staff who largely contribute to the efficiency and effectiveness in the delivery of services to the public. The job positions as well as competing organizations to compare with were selected arbitrarily.

Table C. 29: Wage surveys for competing organizations (in thousand FRw).

Job Title	CoK	Electrogaz	Afri-Care	Sakirwa	Rwandactel	Utexrwa	Cogear	Sanarwa
Executive Secretary or Equivalent		655				420		383
Director or Equivalent	202	369		500		268	300	452
Head of Division – Personnel/Administration or Equivalent	140	239		170	350	85	92	199
Manpower Development Officer or Equivalent					200		72	129
Director of Departments or Equivalent	208				800	246	300	453
Head of Division of Accounting				160	450		116	199
Chief Cashier or Equivalent	108	170		70	250	59	38	95
Accountant or Equivalent	108		270	155	250		59	100
Head of Division – Production, Commerce & Marketing or Equivalent	156			100	450	151	72	199
Supplies Officer or Equivalent		144			150	53		129
Engineer or Equivalent	239	239		250	250	178	72	
Architecture or Equivalent	144							
Environmentalist or Equivalent								
Technician or Equivalent	43	170		100	150	94		89
Director of Planning or Equivalent	202	369	672					452
Head of Division of Project Coordination	154	239						
Head of Division – Communication, Information Technology			286					129
Engineer			400		250			
Technician		170						95
Head of Statistics	169							

The overall comparison of their salaries reveals that CoK pays less salaries to the top officials when compared to toher organizations, however, it pays more salaries to the middle level officers as compared to UTEXRWA and COGEAR but again less salaries when compared to the rest of organizations.

Incentive schemes.

In addition to competitive salaries, wage structure, organizations that are sincerely committed to developing a compensation system that is designed around performance will want to consider the use of incentive pay. Typically given in addition to-rather than in place of the basic wage.

Table C. 30: Incentive schemes for different organizations

Name of Organization	Goal Setting	Incentive Schemes
CoK	Departmental-monthly	Overtime
		Company sponsored event
		Transport
Rwandatel	Individual Annually	Overtime
		Annual bonus
		Transport
Utexrwa	Departmental-monthly & annually	Overtime
		Company cafeteria
		Transport
Sonarwa		Overtime
		Annual bonus
		Group life insurance
		Company sponsored events
		Transport
		House & car loan
Sakirwa		Overtime
Soras	Never set goal	Annual bonus
		Group life insurance
		Transport
		Company cafeteria
		House Allowance 5%

Out of six organizations surveyed including CoK, two didn't indicate whether they set goals or not, while one organization indicated that it does set goals. There are also variations in their approaches in goal setting among those who set goals. Normally goals can be set up individually, departmental or organizational wise and their achievement can be evaluated either monthly or annually.

Incentive schemes should be viewed as an additional dimension to the wage structure. Incentives can be paid based on individual ie bonus, group or organizational wide. Individual incentives work best where clear performance objectives can be set and where tasks are independent whereas group incentives are desirable where employees tasks are interdependent and thus requires cooperation.

On the other hand the goal of organization wide incentives is to direct the efforts of all employees towards achieving overall organizational effectiveness. This type of incentive produces rewards for all employees based on organization cost reduction or profit sharing.

4.3.1 Social condition of the workforce

The importance of workers' representation is immense as it increases employee loyalty to the organization as they participate (in one way or another) in making decisions for matters concerning their work.

Table C. 31: Comparison of worker representations in different organizations.

Name of Organization	Type of workers representation		
	Workers' councils	Trade Union	Others
CoK	√		
RWANDATEL			
UTEXRWA	√		
SAKIRWA		√	
SONARWA	√		
SORAS	√		√

In four out of six organizations surveyed including CoK, employees are represented through workers councils, whereby employees elect their representative who in turn present fellow employees' views in different decision-making bodies within the organizations. On the other hand the employees of other two organizations are represented through trade union.

4.4. HEALTH CARE

In recognizing that the health of employees is a prerequisite to the productivity, different organizations have adopted different health care schemes, for their employees with the purpose of ensuring that employees and their next of kins get necessary medical care.

Table C. 32: Health Care facilities offered by the organization

Name of Organization	RAMA	Health Insurance	SUREMED	Others
CoK			√	
RWANDATEL				1200Fw/month/employees
UTEXRWA	N/A	N/A	N/A	N/A
SAKIRWA				Caisse Sociale
SONARWA			√	
SORAS				

The CoK and SONARWA have SUREMED scheme for their employees whereas RWANDATEL pays Fw 12,000 per month for each employee, and for SAKIRWA employees contributions to National Social Security Fund take for employees medical expenses.

4.4.1 HIV Prevention

About 11% of the population over 12 years in Rwanda is estimated to be HIV/AIDS infected. The Government is committed to intensifying the fight against HIV/AIDS which is a major development constraint and which has the capacity to neutralize Rwanda's log-term development strategy based on human resources.

The Government with donor support has prepared a multi-sectoral strategy and action plan for 1999-2000 for a renewed fight against HIV/AIDS. Key areas for action in line with the multi-sectoral approach include the treatment of other sexually transmitted diseases, prevention of mother/child transmission of HIV/AIDS, counseling and improved availability of condoms. Section actions are (i) the government has updated the HIV/AIDS strategy and action plan in 2001; (ii) continued to mobilize cultural, religious and civil leaders to strengthen Information, Education and Communication (IEC) activities, counseling and care and support for persons infected with HIV/AIDS as well as AIDS orphans; (iii) groups at risk have been targeted in particular with the attention for preventive information campaigns. Young people, sex workers, and people whose work involves frequent travel such as truck drivers and some public servants need particular attention.

Following alarming figures of people who die of HIV/AIDS related diseases, and man-hours lost when infected employees become weaker and weaker, many employers are now concerned about HIV infection. Some employers have even put up mechanisms of educating their employees on how they can avoid AIDS. To the vein it was necessary to know different ways employed by CoK to prevent workers from contracting AIDS. However, those who were contacted refused to respond as they thought they were being mocked. While one can believe that all employees are aware of how, one can avoid HIV/AIDS, yet the employers need to continue sensitizing their employees to refrain from all such behavior that can lead to contracting HIV/AIDS, hence personnel department should introduce a special unit charged with disseminating information related to HIV/AIDS.

Findings

1. Out of 135 CoK staff interviewed, only 34.8% had diploma/degree level.
2. Majority of respondents around 70% refused to comment on the relevance of their jobs. However, it was observed that majority of respondent need immediate training.
3. The overall comparison of salaries between CoK employees and employees from other organizations reveals that CoK pays, less salaries to top officials. However, it pays more salaries to the middle level officers.
4. It was observed that CoK offers only overtime and company sponsored events as incentive schemes to their employees. This had caused most of qualified staff to run to the other organisations, which offers more attractive packages.

5. It was observed that CoK has adopted Suremed health scheme, whereas other organizations have health insurance to ensure their employees and their next of kins.

4.5. Recommendations

1. Increase the percentage of diploma/degree holders from 34.8% to at least 75% in the next five years.
2. Reassess all job requirements with the purpose of:
 - Reallocating staff according to their qualifications;
 - Designing human resource development programmes.
3. The fact that only about 24% of the staff agreed that their education is relevant to their jobs, this leaves a lot to be desired. Basically, this implies that such a situation affects both efficiency and effectiveness of service delivery in the CoK. Reevaluate departmental as well as organizational needs and goals.
4. Base organizational analysis on overall performance.
5. Conduct job analysis i.e. a broad analysis of the job requirement, analysis of the particular skills to do the job, a detailed study of the responsibilities, duties and tasks, analysis of the knowledge and skills required by the jobholder, and description of the training requirements for the job.
6. Understanding the need for competitive salaries in order to attract and retain highly qualified staff. It is advisable to know what other competing organizations offer for similar or equivalent job positions before setting salaries.
7. Introduce new incentives such as:
 - Subsidized plots for staff;
 - Housing loans for all staff;
 - Car loans for top-and middle-managers;
 - Contribution to the staff group insurance;
 - Subsidized company cafeteria-to help staff get nutritional meals at reasonable prices and also reduce the time spent looking for restaurant around the city;

- Savings and credit cooperative society to encourage thrift amongst employees.

SECTION 5: CAPITAL

5.1 Public financing and Investment

The CoK as an agency for urban activation has to act as a catalyst for encouraging private sector investment by using public money and any other funds to bring about environmental improvement and infrastructure development. To achieve that goal the CoK has mobilize funds from both internal and external sources. The table below shows the trend for budget and actual receipts for CoK for a period 1995-2000.

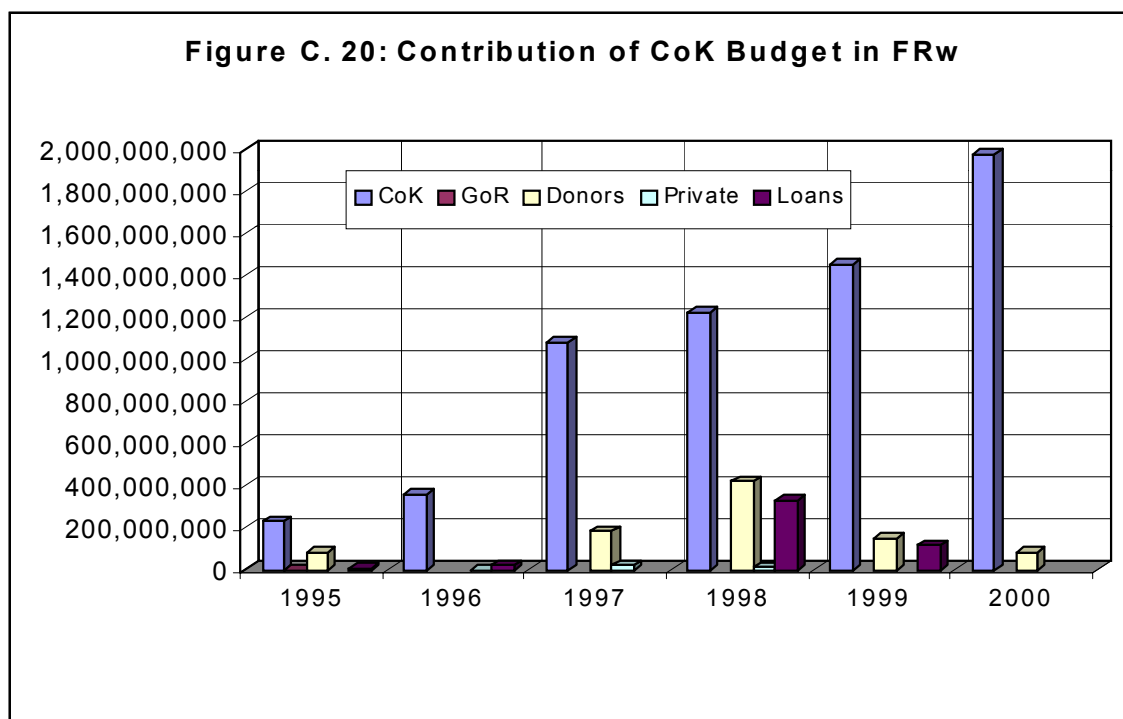
Table C. 33: CoK recurrent budget

Year	Budget (FRw)	Actual (FRw)					
		CoK	CoR	Donors	Private	Loans	Total
1995		229,341,023	-	84,543,000		10,000,000	325,284,023
1996		357,717,630			1,300,000	25,000,000	724,655,640
1997	1239,237,402	1,080,829,901		185,599,910	23,807,795		1,290,237,606
1998	2344,802,271	1,222,448,437		420,944,454	14,544,479	332,070,191	1,990,007,561
1999	2625,374,464	1,449,501,420		152,579,751		117,929,809	1,720,010,980
2000	4227,132,763	1,972,994,450		84,993,800			2,057,988,250

Source: CoK le budget et son execution 1995-2000

CoK is the major contributor to its budget from different sources of revenue. Followed by funds from donors, while loans take third position and the private sector funding comes last.

There is no central government funding for the whole period.

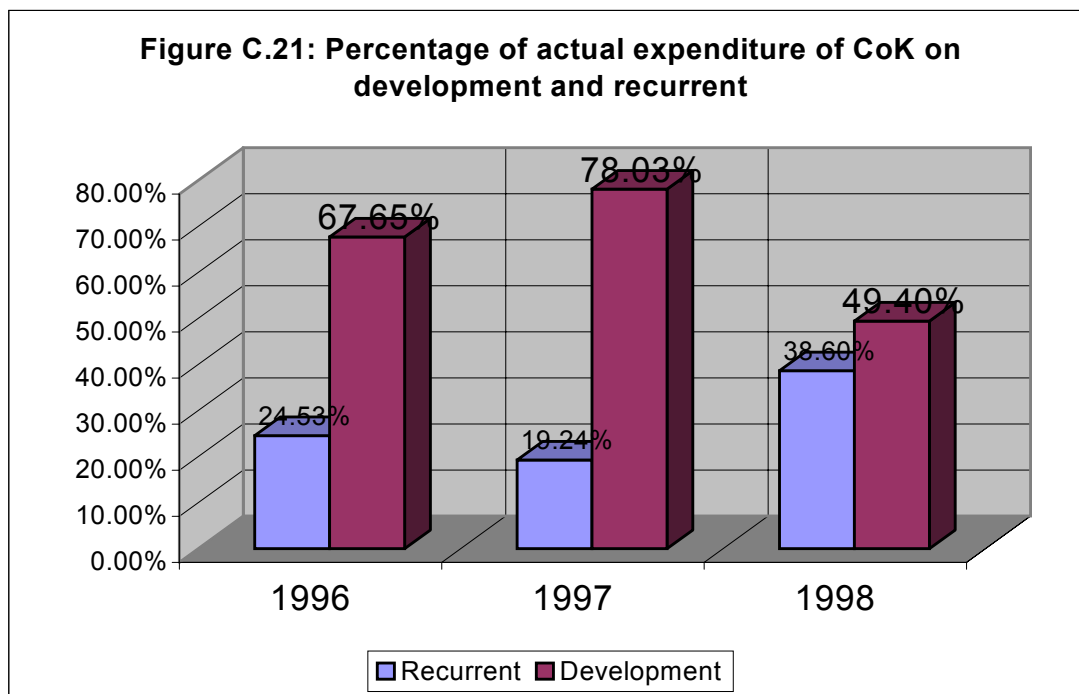


Source: CoK le budget et son execution 1995-2000

Table C. 34: Expenditure of CoK for the period of 1995 – 2000.

Year	Development			Recurrent		
	Budget	Actual	%	Budget	Actual	%
1995						
1996		177,759,952	24.53		490,244,543	67.65
1997	358,315,950	248,193,210	19.24	893,633,055	1,006,731,350	78.03
1998	1,310,798,383	767,786,423	38.6	1,033,403,888	849,703,550	49.4
1999	1,200,000,000			1,425,374,464		

On the side of expenditure, CoK invested as shown here below by percentage together with recurrent expenditure for CoK. However, the total percentage of development and recurrent expenditures for each year do not bring about 100%. It has been assumed that, the balances were carried forward in subsequent years, though those figures were not reflected in the budget.



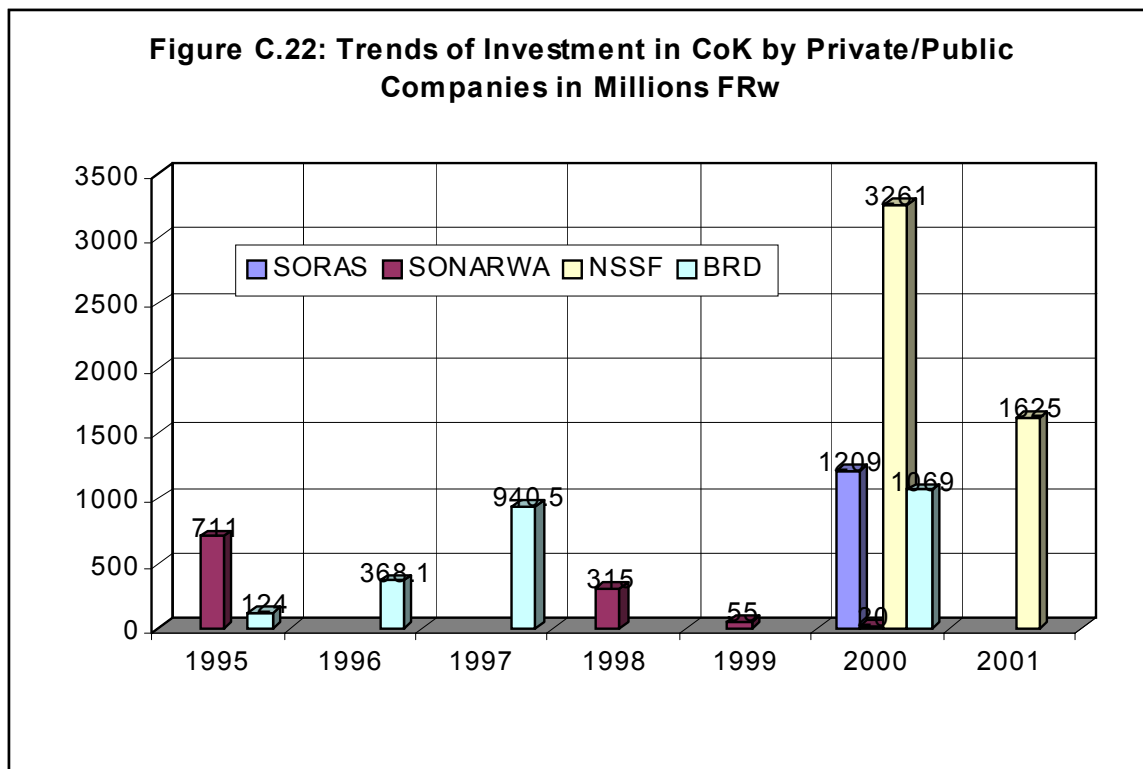
Due to lack of planning documents, it was difficult to assess which areas were given priority and to what extent the city had been able to implement its plans successfully.

5.2. Private Investment

If the CoK wishes to attract both public and private sectors to participate in improving the social and economic conditions of the city residents, it should intervene in making the business environment more conducive to investors, by ensuring the availability of infrastructure such as road, power and water.

As for now people who have invested properties in areas where roads are poor or dusty such as Gikondo, their rents are below the market rate. This situation becomes worse if the investors have used borrowed money, for which he/she is required to repay the principal and interest.

The following are companies, which over the years have been investing in the city, however, the figures are not exhaustive as some information regarding private investments within the city could not be available. All three companies invested in property development i.e. building construction.



5.2 Financing by Venture Capital Firms

Whereas the role of venture capital firms is to finance and nurture businesses that look risky to financial institutions and banks, as of now there is no single venture capital firm in Rwanda. However, the study concerning the establishment of capital firms in the country has been completed, the next step is to prepare a bill which, will be tabled in the parliament for approval.

Findings:

1. CoK is the major contributor to its budget from different sources of revenue. There was no central government funding for the past five years.
2. Due to lack of planning documents, it was difficult to assess which areas were given priority and to what extent the City had been able to implement its plans successfully.
3. It was observed that, properties invested in areas where infrastructure such as roads, electricity, water are poor their rents are far below market rates.
4. As of now there is no single venture capital in Rwanda.

5.4. Recommendations

1. CoK should lobby to the central government for its contribution to the CoK budget
2. The CoK should maintain proper budget and accounts records which may be available for public use.
3. Provide information to business on matters such as vacant premises and sites, local market conditions, housing availability and sources of finance.
4. Use trade fairs or trade delegations to ensure the message is not restricted to a domestic audience but also reaches potential overseas investors.
5. Conduct further studies to determine the trend of private investments and their attitudes towards the City of Kigali.
6. Provide local authority-owned land for industrial and commercial development.
7. Supply on-site infrastructure (roads, drainage, etc.).
8. Form partnerships with the private sector through local enterprise agencies to act essentially as a business development organization and to assist both new and existing enterprises by providing information and business counseling. The Local Enterprise Agency (LEA) has to coordinate with stakeholders such as RIPA, CAPMER, and FRSP to avoid duplication of effort.

SECTION 6: BUSINESS ENVIRONMENT

Macroeconomic Reforms

From 1995 to 1997, macroeconomic policy reforms concentrated on reviving economic activity, restoring macroeconomic stability and rebuilding the capacity for macroeconomic and budget management. The Central Bank and the Ministry of Finance and Economic Planning were rapidly made operational, although their capacity remained weak. Real GDP grew by 34% in 1995 and by over 10% during each of the next two years. Inflation slowed from 64% in 1994 to 9% in 1996, but increased in 1997 as drought and over one million returning refugees caused temporary food shortages. In mid 1998 the Government entered into negotiation with the International Monetary Fund to start a 3 years economic adjustment programme (Enhanced Structural Adjustment Facility – ESAF). Under ESAF programme the CoK was assured of the much-needed balance of payment support and donor funding for the budget deficit. Despite some slippages in meeting agreed targets for revenue and expenditure, the primary fiscal position was almost in balance.

Despite capacity constraints resulting in delayed decision-making process, there was significant progress in implementation of structural reforms. Rwanda's trade and exchange rate regimes were liberalized, as the exchange rate was allowed to be market-

determined, the surrender requirements for coffee and tea export receipts were eliminated, and maximum tariff rates were reduced from 100% to 40%. As a result, Rwanda's trade restrictiveness index fell from 8 ("restrictive") in 1995 to 3 ("restrictive open" in early 1998). In March 1996, the National Assembly passed a law that provided the legal and institutional framework for the privatization of state-owned enterprises (about 70 in total).

In the second phase, 1998-2000, the macroeconomic objectives in the reform programme included average annual real GDP growth of 7 to 8%, inflation below 5%, an external current account deficit (excluding official transfers) of about 18% of the GDP, gross official reserves maintained at a level slightly above 6 months of imports, and an increase in the revenue-to-GDP of 0.5 percentage point per year. The key measures for increasing revenue included improved tax administration by the newly created autonomous Rwanda Revenue Authority (RRA) (established at end-1997 with technical and financial support from the UK), and tax and tariff returns. In the event, macroeconomic and financial developments were broadly in line with programme targets of an annual increase in revenue to GDP ratio of 0.5% from the current levels of 10.5% of GDP. Budget and treasury management has continued to improve, including through the implementation of a flash reporting system that monitors on a monthly basis the budget execution and domestic debt.

Macroeconomic difficulties

- Structural trade deficit, reflecting a low and narrow export base. Rwanda exports an average of US\$ 16 per capita compared to an average of US\$ 100 in Sub-Saharan Africa. Two export crops; tea and coffee account for almost 80% of exported goods. As a result, the country is depended on external aid flows for both balance of payments and budgetary support.
- The heavy dependence on two export crops makes the country vulnerable to external price shocks. For instance, Rwanda's earnings from coffee exports fell from \$45 million in 1997 to \$26 million in 1999 despite an increase in the volume, because the price fell by more than half.
- Structural imbalance between Government revenues and expenditures. Rwanda has a narrow revenue base with domestic tax and non-tax collection averaging 8.7% of GDP in the period 1995-1997 compared to an average of 17.7% of GDP in Sub-Saharan Africa. Rwanda's fiscal deficit (excluding grants) averaged 10.8% of GDP over the period 1995-1999 compared to 6.6 % for sub-Saharan Africa. Overall external funding averaged 8.4% of GDP in the period 1995-1997 compared to an average of 2.4% of GDP in the rest of Sub-Saharan Africa. In the post war period 98% of capital expenditure has been funded by external donor assistance.

- Savings are negative. Overall savings in 1998 were – 1.2 percent of GDP compared to + 7.7 percent for Sub-Saharan Africa (excluding South Africa and Nigeria).
- The level of private investment is also low, at 8 percent of GDP in 1999. While some investments by smallholders may be omitted from the national accounts, the evidence is that there has been disinvestment in the rural sector since the early 1990s; stocks of animals are lower, coffee trees have been cut down or grown old, and there has been a reduction of ant erosion activities in some areas. Declining Foreign Direct Investments especially following the genocide has exacerbated low levels of investment.

Table C.35: GDP Growth since the genocide of 1994

1994	1995	1996	1997	1998	1999
Declined by 50%	Rebounded by 34%	16%	13%	10.5%	5.3%

Rwanda is a landlocked country with a population of 8.1 million in 1999, with a high population growth rate of 2.9% per annum and population density of 305 people per Sq.km.

Table C.36: GDP Contribution by sectors

Sector	Employment by %	GDP contribution by %	Exports in % (coffee & tea)
Agriculture	91	41	72
Service sector	6.1 of working population	39	NA
Industrial sector	Less than 2 of the working population	20	
Manufacturing sector		12	
Construction		8.1	

Monetary Stability

Table C.37: Trends of Exchange Rate and Inflation

	1997		1998		1999		2000	
	Exchang	Inflation	Exchang	Inflation	Exchang	Inflation	Exchang	Inflatio

	e (USD)		e (USD)		e (USD)		e (USD)	n
January	305.036	0.59	304.355	-1.51	329.710	0.54	350.835	-0.14
February	301.929	0.15	308.529	0.62	330.566	0.09	360.200	0.41
March	304.168	0.61	308.931	0.06	335.356	0.14	364.081	0.28
April	307.632	0.60	309.936	-0.12	335.554	-1.17	367.330	0.22
May	303.688	-	308.876	0.66	334.931	-0.64	375.900	0.36
June	300.721	-	308.679	-	336.831	0.95	380.490	0.12
July	298.157 7	1.69	311.634	-1.4	334.841	0.28	392.215	0.44
August	299.048	2.18	318.246	-1.1	333.304	0.57	404.805	0.95
September	299.755	1.79	322.388	-1.54	335.454	0.63	411.839	1.8
October	302.172	4.23	322.389	-0.29	333.373	0.43	416.639	1.81
November	303.362	1.9	326.492	-	338.805	0.24	426.138	0.27
December	302.696	1.81	327.401	0.02	344.490	-0.01	421.793	-0.71

Source: Central Bank of Rwanda

Exchange rate

Rwanda had a fixed exchange rate regime until 1995 when it adapted a managed float. However the Rwandan franc has continued to depreciate relative to other major currencies especially the US dollar as it can be seen from the table.

The foreign exchange market is characterized by chronic imperfections, which have undermined the stability of the value of the local currency and led to its depreciation, most of the operators in this market are situated opposite the post office building in Kigali. This market has emerged to circumvent the restrictions and administrative regulation of the National Bank of Rwanda (BNR). The organization of this market is highly complex and the authorities seem to have no full information about where, for instance the money they transact in, comes from and goes, who is involved in trade and its effects on the banking sector and the economy as a whole. Because there is more uncertainty on the side of buyers, given their numbers and hence the excess demand for foreign exchange, the pressure seems to be on the exchange rate to depreciate overtime.

The following factors contributed to the above problems:

- Little export diversification – Rwanda rely heavily on tea and coffee for foreign exchange earnings;
- Preference of exporters to keep their currency in foreign currency rather than Rwandan francs;
- Political instability in the great lakes region;
- Huge fiscal and current account deficits;
- The country's land lockedness – this undermines the competitiveness of firms, which operate in the country;
- The over reliance on foreign resources ie two-thirds of Rwanda's foreign exchange resources come from donors and are disbursed through the government of Rwanda;

- Foreign exchange restrictions laid down by the BNR do not entice foreign currency holders to keep their moneys in Rwandan banks.

Foreign exchange allocations from commercial banks to a great extent have been used to finance light consumable imports and consumer durables, etc from Dubai.

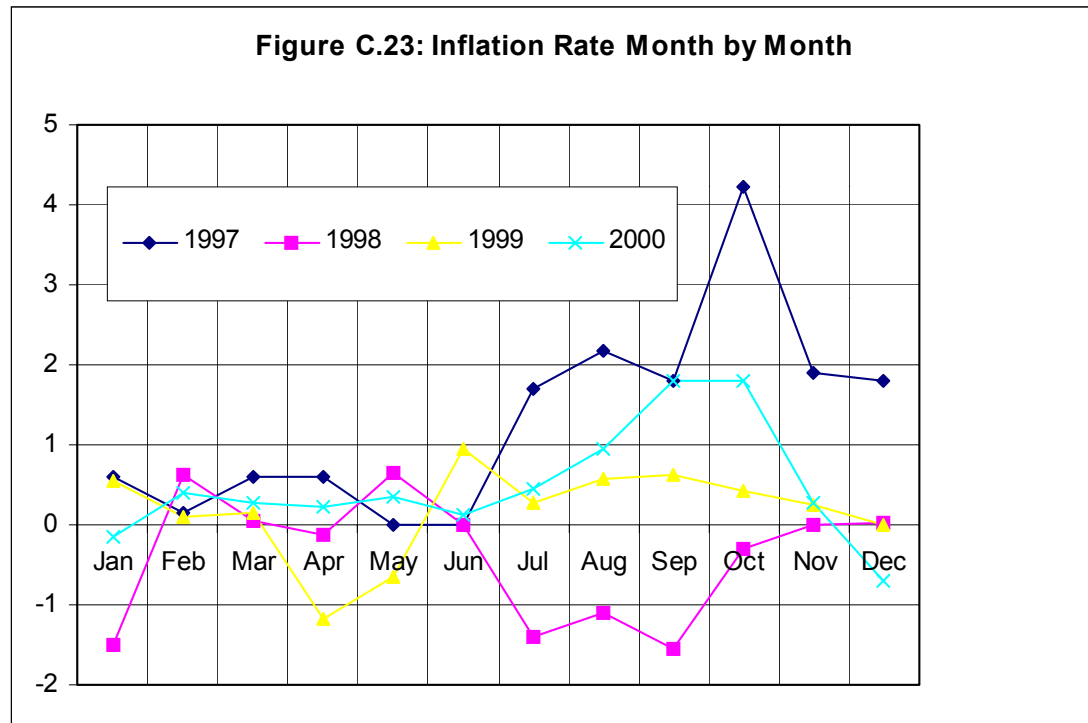


Table C.38: The trends of interest rates on deposit, loan and inter-bank market in percentage.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1997	Inter. rate on deposit	8.52	8.11	8.39	7.64	7.95	9.07	8.85	8.52	8.52	8.41	8.33	8.24
	Inter. Rate on loan	16.7	17.1	16.5	17.3	19.8	16.1	15.9	16.6	17.3	17.3	16.2	16.2
	Inter. Rate in inter-bank market			9.00		9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00
1998	Inter. rate on deposit	9.85	9.93	9.94	7.63	7.92	9.21	8.76	8.47	9.16	9.12	8.39	7.76
	Inter. Rate on loan	15.8	16.5	16.0	14.8	17.3	15.8	15.8					
	Inter. Rate in inter-bank market	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.80	8.10	8.30	8.00	8.00
1999	Inter. rate on deposit	7.93	7.93	7.91	7.94	9.09	9.19	8.56	8.85	8.53	8.28	8.50	8.75
	Inter. Rate on loan	16.0	16.5	15.8	16.1	16.2	16.1	16.5	17.1	16.3	15.7	16.8	16.8
	Inter. Rate in inter-bank market	8.00	8.00	8.00	8.00		8.40	9.00	10.0	8.50	8.50	8.50	8.90
2000	Inter. rate on deposit	9.26	9.21	9.20	9.20	9.23	9.44	9.27	9.47	9.41	9.94	10.08	10.11
	Inter. Rate on loan	16.8	16.2	15.5	16.4	15.8	16.9	17.5	16.8	16.4	15.8	16.7	16.9
	Inter. Rate in inter-bank market	8.80	9.00	9.15	9.97	7.18		9.00		9.60	9.30	9.00	8.69
2001	Inter. rate on deposit	9.98	9.98	9.69	9.87	10.0	10.1	9.87					
	Inter. Rate on loan	16.4	16.2	16.9	15.5	15.8	15.8	15.3					
	Inter. Rate in inter-bank market	9.03	9.75	9.97	10.5	10.4	10.2	9.96					

Source: National Bank of Rwanda

Interest Rate

Generally, the interest rates are very high when compared to inflation, and this is due to:

- Inefficient banking sector resulting into huge NPL and bigger margin for administrative expenses;
- Normally with lower inflation rate, one would expect lower interest rate, something which is opposite in Rwanda.

Structural reforms

The Government has made good progress in structural reforms, albeit less than expected because of administrative capacity constraints and some cases of donor administrative bureaucracies. In the fiscal area, several steps were taken in 1997: a new income tax law was adopted, reducing the maximum personal and company income tax rates and subjecting public enterprises to income tax. Excise taxes on consumption goods were significantly increased and brought onto an ad valorem basis, and budget and treasury management were strengthened. On the external side, the exchange system was liberalized, and commercial banks and foreign exchange bureaus were allowed to buy and sell foreign exchange at market-determined prices, the surrender requirement on coffee and tea export receipts was reduced in steps and abolished by end-1997; and a new tariff code was adopted with fewer rates and significantly lower average and maximum rates than in the prewar era. Regarding the financial sector, efforts were made to rehabilitate the banking system with adequate recapitalisation and provisioning, and the two largest commercial banks and the Rwanda Development Bank improved their financial positions during 1996-97.

Moreover, a revised central bank statute underpinning the BNR's independence in conducting monetary policy was adopted in mid-97, and the government's non-performing debt to commercial banks was restructured late in the year. In March 1996, the National Assembly passed a law providing the legal and institutional framework for the divestiture programme. However implementation of the programme has been hampered by administrative constraints, in the event, three enterprises were privatized, and another eight offered for sale during 1997. The demobilization programme was initiated with the departure of first tranche of 5.000 soldiers by September 1997.

Notwithstanding these efforts, the support of the international community, and the improvement in macroeconomic performance, Rwanda continues to face deep-seated social, financial, and economic problems. These problems include: (i) widespread poverty and unemployment in the context of extreme land fragmentation, diminishing land resources, low agricultural productivity, severe environmental degradation, and rapid population growth; (ii) a low level of human resource development, (iii) inadequate remuneration and incentives for civil servants, (iv) underdeveloped and under-funded social infrastructure and services, (v) low savings, a weak financial sector, and heavy dependence on foreign aid, (vi) a weak mechanism in promoting market-based agriculture, accelerating land reform, and improving rural credit institutions. The economic reforms will be supported by efforts to promote national reconciliation through good governance, rule of law, and grassroots participation.

Fiscal Policies

During 1998/99-2000/01, fiscal policies were adopted to support the goal of reducing financial imbalances in the economy while ensuring adequate financial support for poverty reduction and reintegration programmes, vulnerable groups, basic social services (particularly education and health), and restructuring of the public sector. The underlying objective was to significantly improve government investment, so as to lay the basis for a gradually decreasing reliance on foreign financing of government, and for a government savings (of 1 percentage point during 1998-2000) was expected to come mainly from enhanced revenue performance, given the need for higher social sector spending and adequate remuneration of civil servants. Reflecting a temporary acceleration of government investment and the costs of structural reforms, the deficit (excluding grants) was projected to widen in 1998 to 13½ percent of GDP (from 10 percent of GDP in 1997) before narrowing to 9 percent of GDP by 2000, in line with improved savings and a stabilization of government's effort was to focus on redressing the historically weak tax revenue performance, improving the prioritization, monitoring, and control of budgetary expenditure, and enhancing the incentive and qualifications of the civil servants.

To enhance budgetary accountability and transparency, as well as to provide assurance that financial control systems are working adequately, an Auditor General's Office was established. Budgetary accountability and transparency, was also strengthened through the development of a system of public accounts; the incorporation of all extra budgetary accounts into the national budget; the transfer of the bank accounts of ministries to the treasury account at the BNR; and the regulation and monitoring of government purchases by the strengthened National Tender Board. An ongoing framework for budget preparation and implementation was reflected in a new organic budget law in 1999. Furthermore, to ensure that government priorities are properly reflected in budget allocations, regular public expenditure reviews will be undertaken to determine expenditure priorities between and within individual sectors, and to improve information on outputs and outcomes of expenditure programmes. The integration of the recurrent and development budgets will be further developed with DFID and other donor assistance. In this regard and with effect, the government has initiated a programme-budgeting approach (Medium Term Expenditure Framework – MTEF).

Monetary, Credit, and Exchange Rate Policies

Monetary and credit policies aimed at further reducing the rate of inflation, to monitor closely developments in both reserve money and broad money have been put in place. In a first stage, the BNR will continue to absorb any banks' excess liquidity through its weekly call for bids on the money market. At the same time, with a view to developing more flexible indirect monetary policy instruments, the BNR continues to issue treasury bills, which will also serve to meet the needs of the treasury. It is envisaged that such debt held by commercial banks and non bank financial institutions will ensure appropriate mopping of excess liquidity, at the same time ensure adequate coordination between the Ministry of Finance and the BNR, consistent with the programme's fiscal and monetary objectives.

The exchange rate will continue to be market determined, with the BNR's intervention in the exchange market confined to smoothing out excessive fluctuations in the exchange rate, subject to the goal of meeting the official reserves target. The BNR will continue to improve the functioning of the exchange market by informing economic agents about the cost advantage of bank settlements instead of cash transactions (currently causing a premium for dollar bills) and the development of a forward market. The exchange system will be kept free of any restrictions on current account transactions, and the BNR will ensure that all bona fide requests for foreign exchange are met.

Financial Sector Reform

Various financial reform measures were implemented during the programme period, with a view to strengthening the conduct of monetary policy and the process of financial intermediation. A revised banking law was adopted by mid 1998 whose main objective was to provide for more effective prudential regulation of commercial banks, including strict rules for capital adequacy (Basic standards), provisioning, and external auditing. The Government will complete a new round of external auditing of all commercial banks, with the objective of updating financial restructuring plans already agreed with some commercial banks and developing, as necessary, new plans for other, including the rural co-operative savings and loans associations. These plans, which include measures to recover overdue loans, accelerate the provisioning for non-performing assets, and provide for recapitalisation, were expected to be fully in place by September 1998. Furthermore, the Government embarked on a plan to complete the ongoing financial restructuring of all commercial banks by 2001, including the realization of their mortgage guarantees in accordance with the law. Within the framework of the new banking law, the BNR is also preparing regulations adapted to the needs of nonbank financial institutions, in particular, existing and future rural savings and loan co-operatives. The efforts will be paralleled by a further strengthening of the BNR's capacity to supervise and regulate the banking system.

Table C.39: Rwanda Indicators of structural reforms

Indicator	1993	1996	1998	1999
Non-zero trade tariff range	(10-100)	(10, 20, 40, 60)	(10, 20, 40)	(5, 15, 25)
Average tariff rate	34.8	31.9	18.1	11.3
Trade restrictiveness index	10	8	3	2
Surrender requirements for proceeds of tea and coffee exports	100	50	0	0
Civil service employment	42.027	34.882	37.353	37.694
Government wage bill in Percent of GDP	5.7	4.4	5.1	4.6

Regulatory reform number of public enterprises privatized	0	-		25
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Privatization

Privatization and public enterprise reform: The legal framework for privatization was adopted in 1996 and the exercise started in 1998. Since then, 42 of 70 state-owned enterprises have been offered for sale, 35 have been brought to the point of sale, of which 19 are now fully operating under private ownership the sale has been approved by the Cabinet, and the Cabinet adopted strategies for the privatization of 9 public tea factories and the telephone company (Rwandatel), and the restructuring of the electric and water utility (ELECTROGAZ).

The privatization programme has experienced many difficulties including lack of capacity for implementing the programme, poor demand for State Owned Enterprises (SOEs) offered for sale, and slow payment for completed transactions.

Banking sector in Rwanda

Rwanda's banking sector is small. It is composed of six commercial banks, a development bank, a cooperative savings organization Union des Banques Populaires du Rwanda, and a mortgage bank. It is estimated that the banking sector, including UBPR has deposits of USD 300 million and loans of USD 200 million. Of a total population of around 8 million only 300,000 have bank accounts (about 4 percent) where of 200,000 at the cooperative savings organization and only 100,000 with the formal banking sector.

Although Rwanda's banks were rapidly restructured after the war of 1994, the financial sector is currently in an extremely fragile situation. The presence of many NGOs, created artificially strong local market especially in real estate, and the banks granted many new loans, which subsequently became non performing loans (NPL).

After the report of external auditor Ernst and Young as of December 1997, the central bank (BNR) ordered all bank to submit restructuring plans for the period 200-2002. These plans indicate how each bank intends to improve its management and financial condition. Furthermore, according to the new banking law, the minimum capital of most banks was raised from Frw 300,000 million to 1,500 million, and all except for BCR and BANCOR meet to day the capital adequacy rate of 8 percent. While some banks were able to maintain their NPL level relatively stable, two commercial banks (BCR and BACAR) and the Development bank have to cope with a dangerous by high portfolio of UBPR has finally has finally revealed its fragile financial situation and the risk of a potential illiquidity of the institution. Finally, the bankrupt mortgage bank (Caisse Hypothécaire du Rwanda HCR) continues the liquidation of its portfolio, which further deflates the local real estate market.

Underlying the weak situation are structural problems of Rwanda's financial sector. There is a lack of capacity in the banking sector, especially in credit management and recovery. The Government wants to address this lack through the establishment of a banking school in the near future. But according to bankers in Rwanda, there is also a lack of "bankable", projects that can not be financed due the lack of

(i) financial management skills and (ii) financial statements in the private non-financial sector.

Furthermore, Government arrears to the private sector, estimated to be up to 18 billion FRw (42 million USD), have contributed to fragile situation of the banking sector. In addition, the judicial sector is currently overwhelmed with genocide cases and is not able to handle the recovery of loan collated in an efficient and expedient way.

Rwanda's banks and their NPL situation

Rwanda's banking sector (table C.40) is in a financially fragile situation. Two commercial banks have negative net worth (BCR, BANCOR) and most financial institutions have a deficit of provisions. Most banks have identified and started to address their NPL situation, as a result, restructuring plans have been submitted. Capital was restored by an increase of minimum capital, and workout units are established to recover bad loans.

Origin and maturity of NPL

The NPL port folio at most banks are of three categories

- Loans granted before the war of 1994 where clients or firms disappeared during the war;
- Loans granted in the euphoric post-war NGO years which now face market problems (concentrated in construction and transport sectors);
- Directed and Fraudulent post-war loans.

Table C.40: Maturity of NPL

Bank	NPL Total (million Frw)	NPL Total/ Total Loans (%)	Pre-War NPL/Total Loans (%)	Pre-War NPL/Total NPL (%)	Directed post War NPL/Total Loans (%)
BCR	10.589	50	15.21	30.45	25
BK	8.610	37.1	16.78	45.21	Small
BRD	3.258	61.9	33.56	54.21	N/A
BACAR	5.927	82.32	42.99	52.2	(Real Estate loans-to government officials)
BCDI	4.0	40	0.0	0.0	Small

Source: Rwanda Competitiveness and enterprise Development – Project appraisal document

Trade Liberalization and Regional Integration

Since 1994, Rwanda has embarked on a comprehensive liberalization of its foreign trade regime and adhered to the regional integration targets under the Cross-Border Initiative (CBI) and the Common Market for Eastern and Southern Africa (COMESA). In this framework, tariff rates have been significantly reduced and export and non-tariff barriers have been eliminated. To this effect on uniform import duty rate of zero for capital goods as well as low rates for raw materials and semi processed goods (uniformly applied to all users) have been adopted since the budget of 1999. The maximum and average import duty rates have been reduced to 25% and about 15% respectively, and tariffs on intra regional level have been eliminated. Furthermore, the Government has replaced 4% MAGERWA tax by a 3% statistical tax (with no exemptions) from the budget 1999. To accelerate the recovery of coffee production, the export tax on coffee has been eliminated since the budget of 2000. Furthermore, the Government has implemented an effective duty and sales tax drawback system for imported inputs used in the production of exports Rwanda has also made a significant advances in regional integration and has applied to join the Commission for East African community and is expected to become a member of this organization in the near future.

The major policy concerns related to the revenue impact of the current trade reforms remain especially in view of the fact that the value of exports has not improved significantly as originally envisaged. It is important to note that trade liberalization will require some restructuring of domestic industry, which was previously protected. The Government also recognizes that domestic firms can become internationally competitive only if they are supported by reliable and competitively priced utilities as well as appropriate state facilitation, which does not interfere with competition.

Rwanda faces significant natural barriers to trade as a landlocked country. Thus, beyond the liberalization of trade in goods and movement of factors of production, the development of trade-related infrastructure is essential for regional integration and co-operation. Improvements in the institutional environment for the private sector, the effective implementation of the new investment code, a further liberalization of the exchange regime, and simplification of procedures for customs declaration and setting up new businesses.

Micro finance in the CoK (in FRw)

The Government of Rwanda has already identified micro finance as a means to fight poverty. Union des Banques Populaires (UBP); a network of cooperative banks, which caters to the needs of both the urban and rural population, represents about 97% of the micro-finance sector. It was a highly successful institution before the civil war. Due to the loss of employees, its centre in Kigali was completely disorganized during the civil war. Given its importance for a large share of the population, including many informal small business activities, its reorganization, and restructuring is very important in the Government's strategy to foster private sector and reduce poverty. On the other hand, in its efforts to promote small and micro-enterprises in Rwanda, the Ministry of Commerce, Industry and Cooperatives has been involved in a process of establishing micro finance sector in the country. However, till to date there is no national policy governing the establishment and operations of micro finance sector in the country. It is due to this reason that there is no coordination of all those involved in micro finance activities hence it becomes even difficult to trace who really is involved in such noble services in the CoK. Whereas the objective was to assess the contribution of the micro finance sector in improving the well-being of the Kigali residents through micro finance availability, the following are the only organizations whose information could be got.

There are two types of sources of funds, namely funds from donor agencies and funds from savings and depositors. Examples for the former case are CRDP/CoK, World Relief, ARTCF, CRS, whereas examples for the later case are UBPR MUHIMA, UBPR REMERA, UBPR GIKONDO, UBPR KORA.

Again, looking at the average amount of loans offered to the clients, those sources using deposits, have higher averages and i.e. UBPR KORA with Frw 842,222 in 1999, UBPR REMERA with Frw 815,727 in 1998, at the same time those whose sources are deposits have higher average loans delinquency i.e. UBPR REMERA had an average of Frw 106,649 in 1998. This implies that whereas deposits provide highly valued sources of micro finance, poor credit management of those organizations has resulted into higher delinquent loans.

Table C.41: Micro-finance availability in CoK for a period 1996-2001 (in FRw)

		1996	1997	1998	1999	2000	2001
CRDP/CoK	No of Business					35	
	Amount					3,750,000	
World Relief	No of Business						2,560
	Amount						88,921,640
ARTCF	No of Business						263
	Amount						5,475,782
CRS	No of Business			328	705	2,333	
	Amount			9,312,200	24,332,000	74,173,000	
UBPR-MUHIMA	No of Business	37	45	693	915	435	
	Amount	11,144,063	20,490,140	41,962,822	75,367,160	118,681,888	
UBPR-REMERA	No of Business	24	489	159	1,007	823	
	Amount	7,900,000	96,954,100	129,700,600	24,027,300	160,390,000	
COOPEDU KIGALI	No of Business					3,909	
	Amount					149,963,000	
UBPR GIKONDO	No of Business				1,043	294	
	Amount				52,087,801	54,764,345	
UBPR KORA	No of Business	8	15	7	9	35	
	Amount	4,000,000	7,030,000	3,236,164	7,580,000	5,250,000	

Table C.42: Micro-finance loan delinquency (in FRw)

		1996	1997	1998	1999	2000
CRS	No of Business					42
	Amount					42,700
UBPR-MUHIMA	No of Business		10	583	610	631
	Amount		1,460,497	10,388,530	13,290,809	18,450,422
UBPR REMERA	No of Business	64	83	149	217	274
	Amount	6,849,728	8,849,349	15,884,130 7	22,830,459	41,928,717
COOPEDU KIGALI	No of Business					50
	Amount					4,600,000
UBPR-GIKONDO	No of Business					651
	Amount					16,487,817
UBPR-KORA	No of Business	1	7	3	5	19
	Amount	384,187	2,994,954	974,306	3,101,105	3,157,023

Savings incentives

The volume of savings depend much on the macroeconomic and legal environment, and savings incentives offered by banks and other financial institutions, namely; attractive interest rates on deposits, and loans as well as the availability of financial services such as hire purchase, finance lease, consumer credit etc.

Interest rate on deposit

There is only one type of bank saving account in commercial banks in Rwanda, that is fixed term deposit, in which the client may decide to leave his/her money in a bank for a fixed period of time, and the interest rate therefore will be determined by the length of time the money will stay in the bank as the Table C.43 shows. Nevertheless, given the

fact that the fixed term deposits seem to be inflexible on the part of savers, as they cannot withdraw as they wish, normally such scheme does not impress many. Not only that but also, banks cannot issue long-term loans because depositors never keep their savings for a long time.

Table C.43: Interest rate on deposit for a specific period of time

Periods (month)	Year	January	February	March	April	May	June	July	August	September	October	November	December
1	1999	6.12	6.08	6.09	6.3	8.48	8.57	7.65	7.74	7.51	7.53	7.28	7.52
	2000	7.57	7.78	7.35	7.16	7.17	7.68	7.68	7.71	7.56	8.43	8.64	8.31
	2001	7.40	8.65	8.30	8.72	9.04	9.34	9.21					
3	1999	8.02	7.65	7.62	7.67	7.80	7.55	7.08	7.53	7.19	7.20	7.21	7.28
	2000	7.78	7.80	7.60	7.72	8.82	8.86	8.73	9.16	9.78	9.63	10.3	10.1
	2001	10.1	10.1	9.39	10.1	10.1	10.2	9.92					
6	1999	8.51	8.80	8.98	8.82	8.84	8.73	8.71	8.71	8.08	8.08	8.22	8.83
	2000	9.12	9.39	9.69	9.23	9.56	9.65	9.47	9.65	9.69	9.40	8.68	9.76
	2001	8.19	9.09	8.96	9.06	9.09	8.47	9.51					
12	1999	9.84	9.84	9.84	10.1	10.1	10.5	9.47	10.2	10.2	9.60	10.2	10.1
	2000	10.5	10.3	10.3	10.2	9.62	9.97	10.0	10.1	9.66	11.3	11.4	10.0
	2001	10.1	9.99	9.73	9.39	9.19	9.47	9.69					

Interest rate on loans

When interest rate on loans is affordable and stable over a long period of time, it becomes an incentive since savers are assured of stable and reasonable cost of capital. However, the interest rate on loan that stands at the average of 16.2% is not attractive enough to potential savers. Not only that, but also, the 2.5% fee charged by CoK as they confirm to the credit bank that the borrower legally owns collateral within the city.

The inter-bank market

This is the market in which banks lend short-term funds to one another it involves unsecured short-term loans between banks. Even though the interest rate in the inter-bank market is almost half of the interest rate on loans.

Whereas interest rates on time deposit and on loan have been changing over the years, the interest rate for the inter-bank market has been some how more stable. The general implication in the first case is that both savers and borrowers face uncertainty as the two types of interest rates are concerned.

Financial Services

As of now there is no financial services available in Rwanda, hence it is recommended to introduce the following financial services in the banks and other financial institutions.

- Financial Lease ;
- Hire Purchase;
- Consumer Credit.

Government Efficiency/Effectiveness/Transparency

Good Governance

The Government of National Unity has provided a bold vision for the future, restored social and economic stability, re-established peace and security, and put in place mechanisms for effective governance. This has been done through various mechanisms including:

Following the successful implementation of local elections at the grassroot levels in March 1999, representative and elected grassroot leaders are in place at the cell and secteur levels. Further elections have been successfully carried out at the commune level early January 2001, followed by the election of districts leaders (Mayors) and heads of districts in March 2001. This has promoted popular participation through decentralized democratic structures.

The Human Rights Commission was established in March 1999, in turn, it has formulated a human rights programme in the context of Rwanda that focuses on protection and promotion of human rights and capacity building for the commission itself. It has just recently published its first report.

The Unity and Reconciliation Commission began its operations in March 1999. Since then it has undertaken various activities and actions in pursuit of its mandate. In particular, it conducted a series of popular consultations in all the communes in the country. Unity and Reconciliation is the basis for the durable peace, security, human rights, poverty reduction and sustainable development.

In late – 1999, a Commission on Legal and Constitutional Affairs was established to propose the constitutional arrangements for a democratic society after wide consultations with the population.

The Government is giving priority to capacity building for the justice system, and has set up national civilian police to replace the paramilitary gendarmerie in public security and maintenance of law and order.

In 1999 Cabinet approved a bill permitting the use of traditional methods of justice (*Gacaca*) to clear the bulk of the cases of genocide suspects. This involves community – level councils adjudicating cases and following the guilty to serve most of the balance of

their sentences by community service. The *Gacaca* system is designed to accelerate the adjudication of cases of many detained genocide suspects.

To promote accountability and transparency, the Government established the Office of the Auditor General in 1999, which is an independent public institution. The transparency of budget preparation and execution is being improved through the adoption of the organic budget law and the regulatory framework for public accounts. Furthermore, with technical assistance the Government is in the process of implementing the introduced medium-term expenditure framework, which aims at progressive introduction of programme-based medium term expenditure (MTEF) linking expenditures to monitorable outputs.

The only thing remaining here is the capacity building for the Auditor General's office to be strengthened mainly through training of staff with the aim of completing the audits of 14 Government bodies.

The Government has effected decentralization of state management to enhance effectiveness and efficiency in service delivery and to improve government responsiveness to the needs of the people. Decentralization will make more participation in decision-making at all levels of the Government possible and also create greater accountability and transparency. The implementation of the policy will be incremental, bearing in mind the need to match requirements with resources. Parts of the budget have been decentralized to the prefectures. The districts will become the most important local administration units, funding may be earmarked for spending at this level, building on the existing work and resources of Commune Development Committees.

The Government has supported the empowerment of the civil society, freedom of expression and associations, and freedom of the press. Social networks of NGOs, Community Based Organizations, women in development, and youth operate freely.

To strengthen the public procurement system, the Government established the National Tender Board.

Decentralization

The new law establishing CoK as a unique local government entity was passed and gazetted in government gazette as an effective law. The policy on decentralization has been officially approved and relevant laws are being prepared. Along with this are the decentralization laws that are already operational starting with the elections of district leadership on March, 2001. CoK is at the cross roads where changes are required in a short time and there are evidently no strategic plans at the moment. Furthermore, the Government of Rwanda's decentralization policy emphasizes the transfer of financial management and service delivery responsibilities to the lower levels of the local government structure.

CoK now needs to prepare to transfer functions and responsibilities to the eight districts (increased from the existed three districts) and 43 sectors (increased from the existed 20 secteurs), with a programme to devolve the functions further down to 227 cells (increased from the existed 91 cells). Such devolution of power and responsibilities require well defined financial and revenue administration systems to transfer to the new administrative structures.

One of the most important changes that decentralization is introducing nationwide is the devolution of financial and service delivery functions and responsibilities to the districts with a programme to decentralize these functions down the LC structure as resources become available.

Decentralization potential

The decentralization arrangement under the local governance laws and policies present the strongest base for CoK's reform and reorganization. The political and administrative arrangements are clearly defined and relationship between the councils and the CoK staff provide mechanisms where the council is supposed to play both a supportive and regulatory role. The separation of responsibilities for policy formulation and policy execution departs from the former system that did not permit effective monitoring, evaluation and control. The accountability and reporting requirements that the new CoK law has introduced, and enhanced by the decentralization policy, present new standards whose requirements must be addressed.

What is urgently required is to build administrative systems and operational capacity to be able to effectively utilize the structures defined under decentralization and the new CoK laws. CoK shall be faced with special skill – set requirements and administrative systems demand so as to facilitate devolution of powers and responsibilities.

Decentralization policies in CoK, and Rwanda in general, have the greatest change at a faster speed, compared to many African countries that have embarked on decentralization, mainly because of unique characteristics of the Rwandan Society. Observations have revealed that, ordinarily, Rwandans have a general tendency of respect for authority. This provides a special opportunity for effective mobilization of the people for participation in, and control of, the social, political, administrative, developmental and economic affairs affecting them. This is even made easier by the unity of language and by the small geographic and population size of the country.

Threat to Decentralization

Whereas the theoretical setting of the decentralization process in Rwanda in general and CoK in particular appears to be on the correct path, there is a potential danger of failure because of total lack of preparedness. Unless there is somewhere some magic plan to operationalize the 8 reconstituted districts and their 43 secteurs, on top of the Kigali city council itself, introduction of decentralization without adequate plan to manage it will most likely cause more problems than it is meant to solve.

Given the current state of affairs the administrative and operational information and resources are not in a distributable status. Most of the financial, operational, and administrative systems are so poor that they should not be passed down in such conditions. For instance, the land administration records need to be streamlined and land files properly sorted or reconstructed before they can be distributed to the eight administrative units.

Economic Development Coordination/Management

During the preparation of the 1998 development budget, the authorities introduced new procedures to improve the selection programming and monitoring of projects. In this content the technical and financial monitoring capacity of the investment directorate of the Ministry of Finance was further improved with assistance from the World Bank, the AFDB and the UNDP. The public investment programme (PIP) was reviewed as part of the public expenditure review process in consultation with World Bank and AFDB staffs.

MTEF (Medium-Term Expenditure Framework)

With the introduction of a Medium-Term Expenditure Framework (MTEF) for the budget, the Government of Rwanda aims to make the public expenditure management system transparent, accountable and result oriented. These goals will only be achieved with a civil service that works on those principles. Meanwhile, the phased implementation for the full adoption of the MTEF will continue. The next stage of actions include:

- The integration of the recurrent and development budgets. The adoption of sector – wide approaches (SWAPs) for ministry budgets;
- The refinement of sector strategies and programmemes in accordance with the PRSP;
- Strengthening the macroeconomic framework and the estimation of the medium-term resource envelope and donor coordination;
- Improving auditing and monitoring, reporting and dissemination of budget performance and outcomes;
- Capacity building in both core and line ministries. The support and cooperation of its external partners is essential for fully adopting the MTEF and make it work for the poor and;
- Implementation of a computerized system of accounts all over the country.

For the 2001 budget, the MTEF has been used for all ministries and a functional budget classification was adopted.

Problems hindering the implementation of MTEF

The training conducted to staff was of very short time, lasting for 2 weeks only, which was not sufficient for the intended staff to acquire necessary knowledge.

Apart from the district Executive Secretaries, other key personnel such as heads of departments were not trained while their contributions to the budget and monitoring process are required. Time given to prepare MTEF was too short to come out with a realistic budget.

Cost accounting and service efficiency

Whereas budgetary controls are mainly concerned with control over funds flows, public institutions like CoK are concerned with efficiency in service delivery. This borders along value for money, which is the function of cost accounting. It is very possible for funds spent under very good budgetary controls to result into grossly inefficient and ineffective activities. A value for money analysis and good planning are essential elements in the budget process so as to ensure that the most efficient choices are taken on.

Public Services

Public Toilets

The condition of public toilets in CoK is alarming. This is due to the fact that there are very few public toilets as compared to the number of people who spend their time within the city daily doing different activities. This means therefore that most of human excreta is disposed of where it should not, thus causing hygiene problems for the people. Furthermore, the total number of public toilet needed in the city is not known, hence it is difficulty to plan for their availability.

Table C.44: The status of public toilets service in CoK

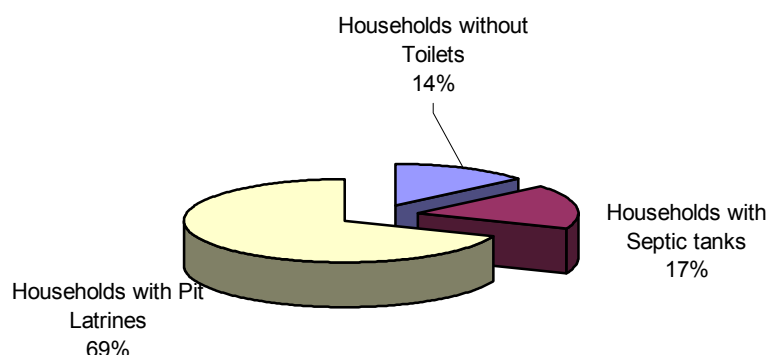
District	No of public toilet available		No of public toilet needed		No of public toilet to be constructed		When will they be ready
	Water borne	Pit latrine	Water borne	Pit latrine	Water borne	Pit latrine	
Nyarugenge	5				2		Not yet known
Kacyiru	2				1		
Kicukiro							
Gikondo							
Kanombe	1	8	4				
Nyamirambo							
Butamwa							

Table C.45: Sanitation and toilets per districts

District	Total Household	Water Borne sewerage	Septic Tanks	Pit Latrines	Household without toilet	%age of households without toilets
Nyarugenge	23959	3	6575	15697	1687	7
Kacyiru	18890		5667	11901	1322	7
Kicukiro	10196		2020	6464	1712	16.8
Gikondo	17854		2785	12822	2247	12.6
Kanombe	12130		1213	1969	1848	15.2
Nyamirambo	12540		856	11542	142	1.13
Butamwa	10091		450	9450	191	1.19
Gisozi	25446		2545	13486	9415	37
Total	131106	3	22111	904231	18564	
Percentage	100%		17%	69%	14%	

Using a sanitation facility is a private matter in all societies, but different societies may have different preferences and practices. However, the provision of sanitation facilities is essential for improved health, it will not by itself achieve significant improvements in health. Furthermore, people need to be shown how to use their improved water supply and sanitation facility to achieve maximum benefits to their health, this is called hygiene education.

Figure C.24: Percentage of households in CoK with toilets and their types



Septic tanks

This system is used with an in-house water supply and flush toilets. It accepts both sewage and household wastewater. The solids digest in a water-light tank while the liquids flow from the tank to a soakaway.

The houses in Kigali city are predominantly served by septic tanks due to the lack of good operational central sewer network. Some houses in areas served by sewers are using septic tanks due to either unfavourable gradients in particular locations or long distances to existing sewer system since the developer is expected to meet the total cost of laying a sewer to the existing sewer network line.

Pit latrines

Pit latrines are dry on site disposal sanitation systems. In the simplest form the pit latrine consists of a hole in the ground with a squat structure made of concrete slab or timber covering the hole and a superstructure. Depending on the standard of construction, a pit latrine can be an efficient excreta disposal facility. The inclusion of a ventilating pipe or chimney, a well constructed slab with slope towards the hole to drain away the urine and to facilitate ease of cleaning and a reasonable superstructure to ensure privacy of user as provided in a ventilated improved pit latrine (VIP latrine), eliminates most of the problem associated with the ordinary pit latrine such as smell and fly breeding. On good ground, pit latrines are dug to depth of up to 10 meters and such latrines if not used by excessive number of users can last for many years. In area with unstable soils or with high water table, it is not possible to dig deep pits. Here shallow pits are dug and depending on the ability of the developer, they can be lined with block work and extended above the ground to achieve extra pit capacity.

Pit latrines are used by the majority of people in the low income, high density areas and the sparsely populated semi-rural areas.

Storm water drainage

Storm water drainage is concerned with the measures taken to control flow of surface water by collecting it and transporting it through suitably designed conduits away from developed areas where it would otherwise cause flooding, thereby impairing the safety, health and well being of the public and disrupting essential public and commercial services.

Currently, some of the houses in Gikondo near MAGERWA were completely swept out by the heavy flow of storm water due to the lack of storm water drainage system in that area.

Topography

Kigali is build on a series of hills which have steep slopes separated by valleys with varying gradients. In the upper reaches and the sides of many of these valleys emanate springs which intercept overland flow to form natural drains. The drains within each catchment discharge into the main water course referred to as the channel situated in the bottom of the valley. The channels join the major channel now referred to as the river.

Table C.46: Sewerage and drainage systems

District	Constructed drainage (in km)	Drainage system in good condition (in km)	Sewage & drainage system planned to be constructed (in km)		When will they be Constructed & commissioned?
			Drainage	Sewerage	All construction work expected to be completed in year 2004
Nyarugenge	8	8	8.5	55	
Kacyiru	2	2	8.5		
Kicukiro					
Gikondo					
Kanombe					
Nyamirambo	2	1.5	30		
Butamwa					

The new construction of 45 km for sewerage refers to protection of ravines (Ruhurura), but there is length of 180 km for normal storm water drainage to be constructed around the city by the year 2004. However, there were no records

available for the drainage system that exists in town centre, beside its outlook showing want of rehabilitation.

Given the terrain of the CoK which is a city of hills, it is obvious that good sewerage and drainage systems are needed to protect the city from massive soil erosion as well as to avoid the destruction of infrastructures such as roads due to storm water.

However, the length of places where sewerage and drainage systems will be constructed are not yet known to the planners, in each district, thus making it difficult to know which place(s) need urgent attention.

Table C.47: Trash/garbage collection

Volume of Garbage in tones/day	Trucks/Tractors available			No of more Trucks required		No of trucks to Be purchased		No of private companies to be registered	
		No	Capacity	No	Capacity	No	Capacity	No	Capacity
450	CoK	8	15 tonnes 26 tonnes	26	15 tonnes 26 tonnes	<u>Not yet known</u>			
	Private	2 tractors	100 m ³ septic	4	For home collection				

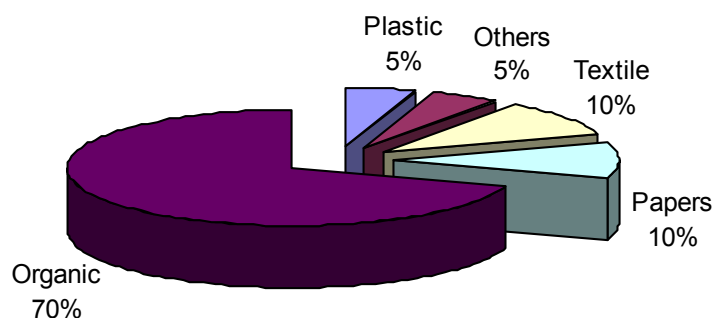
Out of 26 trucks needed for effective trash/garbage collection within the city only 8 trucks are available. This explains why different wastes are scattered in most places of the city. The expansion of the city should go with the availability of trash/garbage collection services if the health of the population is to be protected.

Solid Waste Characteristics

There is no data available on solid waste characteristics for each district. However it has been estimated that the city population produces about 450 tonnes of garbage per day, whose density is 0.4 tonne/m³. Only about 60% of the garbage is collected.

The composition of the waste is as follows: organic materials 70%, textiles 10%, veers 5%, plastic materials 5%, paper materials and other constituents 10%. It has also been estimated that a person can produce about 0.6 kg of waste per day.

Figure C.25: Composition of Solid Waste



Dump availability

Currently the whole of the CoK uses the Nyanza dump at Kicukiro for dumping all waste. However, two dumps are expected to be constructed, one at Kinyinya and another one at Butamwa.

Table C.48: Problems in implementation of environmental considerations

Nature of the problem	Complaints about environmental problem			No of cases taken to court			Results of court cases
	1999	2000	2001	1999	2000	2001	
Hygiene	2	1					
Pollution	5	2	9	1	1	1	
Environment Degradation	10	14					
Others							

Substantial amount of MANCOZEB (DITHANE) was buried at Nyanza after which people living within the vicinity complained to the authorities and that case was even discussed in the Parliament.

Solid waste

Operation and maintenance costs of solid waste management are significant. There has to be a steady, reliable source of funds for the regular operation, maintenance and replacement of skips trucks and landfill sites.

The city council should allocate sufficient funds at the beginning of each financial year to allow the city Engineer and Public Health department to carry out refuse collection and disposal.

The dumpsite should be properly designed and operated as sanitary landfill areas to avoid pollution, public health and environmental problems.

Suitable land to establish sanitary landfill area(s) with a sufficient capacity for the next 20 years should be identified in the Master plan.

It has been observed that a number of residential sites do not have any, or have insufficient vehicular access to their houses. To accommodate the possible future improvements of storage and collection standards, it is recommended that no building permit be granted unless the site has a satisfactory vehicular access.

CoK and other government bodies should actively encouraged residents and private firms to reduce and recycle waste.

Hazardous waste

Some establishments such as Utexrwa, Toliirwa, Volta super release their waste into river Nyabugogo. So far, no body knows how much those wastes had been detrimental to the lives of the people within the city and beyond, and to the marine creatures. In addition, the coffee factory near MAGERWA produces dust.

Regulatory requirements and procedures

Under the Rwanda Investment Promotion Agency (RIPA) and in conjunction with its arm of One-Stop Centre, an application for an investment registration is made in writing to the Director General of the Agency with the following information:

- the name and address of the proposed business enterprise, its legal form, and the name, address and nationality of each shareholder or partner;
- the nature of the proposed business activity and level of planned capital investment;
- the estimated number of persons to be employed and categories of jobs to be created;
- the nature and volume of waste shall be generated by the enterprise's operations, the proposed methods to identify, capture treat and dispose of such waste materials, and to protect the environment and the public health;

- the nature and extent of support and facilitation which is seeking from the Agency including access to industrial and agricultural land, utilities, work permits, company registration and others.

It has been planned that the processing of the application and issue of a certificate of registration to the applicant will be completed within ten working days from the date of submission of application if the application documents are in order, failure of which the applicant can lodge a complaint after fifteen days without notification.

Business support service

The Government acknowledges the role of the private sector in the growth and development of the country. Hence the deliberate strategy of the Government for developing private sector has the following objectives:

- to maintain a stable macroeconomic framework and eliminate distortions in incentives;
- to establish a liberal and transparent legal labor trade and tax framework for the private sector, and;
- to reduce business costs through the provision of infrastructure and public utility services at competitive costs.

In its bid to achieve the above objectives, the Government has taken the following measures:

- improving the legal environment affecting private sector development through the implementation of an action plan to remove legal impediments to private sector and the strengthening of the Arbitration Center;
- reducing bottlenecks in the investment implementation process and improving investor assistance by strengthening of the operational capacity of the established Rwanda Investment Promotion Agency;
- supporting emerging business by strengthening the newly established CAPMER combined with a start-up fund to help remedy the lack of sustainable long-term financing resources; and,
- laying the ground work for addressing issues in the financial sector.

The Rwanda Investment Promotion Agency

The Rwanda Investment Promotion Agency (RIPA) was established by Law No 14/1998 of 18/12/1998 with the following objectives:

- Of promoting investment opportunities with local and foreign investors;
- Facilitate the establishment and smooth operations of investors' projects;
- Facilitate business development additional policies and initiatives needed to encourage and support investment in the country.

It was expected that RIPA would help in streamlining all administrative procedures for the investors and providing with them investment incentives such as:

- Exemption from import duties and sales tax;
- Fiscal incentives such as direct taxes on different profits and professional income;
- Additional allowances of 30% of the value of invested capital during the first year of operations;
- Additional deductions from taxable income of 50% of the training, research and product development costs;
- The right to fully expend the cost of providing infrastructure of the site of the business operations;
- Duty draw back for all duties and taxes paid on imported raw materials if he is an exporter operating outside free zones;
- Tax free export operations.

Problems facing RIPA

With barely two years of existence there are problems that make it difficult for RIPA to function effectively. These include:

- Financial: The agency does not have enough funds for its daily operations;
- Overall business environment in the region: This is due to fragmented markets as some of the countries such as Tanzania are not members of COMESA hence it will not be easy for investors in one country to enter such market freely. In addition, the issue of insecurity in the Great Lake region scares investors;
- Image of Rwanda where foreign investors regard Rwanda as a risky country due to its history hence it becomes difficult to market Rwanda as a product;
- It takes a long time unnecessarily for Parliament to pass the bill even if it is urgent (an unpredictable legal environment).

These problems, not only affects the competitiveness of the CoK alone, but also the whole country.

Suggestions/Comments

Since Rwanda is a member of COMESA, there is hope that, the benefits that will accrue to the member states, will also have tremendous impact on Rwanda. The COMESA market will be large enough to attract foreign investors at the same time creating a room for expansion for local industries.

Whereas due to its historical background Rwanda is regarded as a risky country to invest in, yet by joining Multilateral Investments Guarantee Agency (MIGA) will build confidence on the side of foreign investors, by knowing that their investments will be protected.

In regard to legal environment, the Government is taking deliberate measures to improve the business and legal environment through:

- establishment of a Commercial Court, to speed up commercial cases;
- strengthening the institutional capacity of the Arbitration Centre through the provision of technical assistance for the preparation of procedure manual, computer, equipment and software, training for arbitrators, administrative personnel organization of seminars to promote public awareness of the Centre;
- improvement of the Commercial legislative and regulatory framework through the provision of technical assistance for the preparation of action plan including un updated assessment to establish corrective measures to resolve the legislative constraints affecting private sector development and implementation of selective measures under the said action plan;
- support to a Documentation Centre through the provision of technical assistance equipment and materials.

Strategy

- There should be concrete steps taken towards improvement of the image of the country, that is positioning Rwanda as a place to invest in.
- Furthermore, the CoK should take purposeful measures to build its name in the sub region, and beyond-aiming at making CoK one of the best destinations in the region.

- In addition to being a member of MIGA, Rwanda should also think of joining Africa Trade Insurance Company so as to ensure maximum security to investors.
- The foreign exchange regulations should be revised with the purpose of making availability of foreign exchange with minimum bureaucracy.
- With the fact that an average of only about two people visits RIPA's office per day, this calls for promotional campaign both within and outside the country with the purpose of making it known to a larger public.
- The CoK officials should streamline administrative procedures that delay the securing of the land needed for investment as well as title deeds, If possible, special section should be established at CoK HQ with the purpose of ensuring that all documents needed by investors are available within the shortest possible time.

One-Stop Centre

This was established on 18/12/1998 and is functioning under RIPA with the following objectives:

- to receive and process applications for registration of projects;
- execute the functions of the One-Stop Centre by the officers of the Agency sitting at least once a week with relevant officials of line ministries, departments and local authorities in order to assist registered business enterprises to secure all required approvals, certificates, work permits, and land for their project's realization. Any decision of such meeting is final and binding;
- provide such other support and assistance as investors may require in establishing and operating their projects.

However, with the fact that an average of only one person visits the Centre per day, this calls for more promotional efforts to make more people be aware of its benefits.

The Rwanda Federation for Private Sector

This Federation was formally launched on 22nd December 1999 taking over the activities of former Rwanda Chamber of Commerce and Industry. Whereas the latter was under the Government influence, the former is an independent organization made up of fourteen professional associations, most of them operating in the CoK.

Through its new structure, the private sector acts as an important partner of the Government and fully plays its role, notably in defending and contributing to economic and social development of the City.

The Centre for Support of Small and Medium Enterprises

Also known as the Centre d'Appui aux PME du Rwanda (CAPMER) this project was started in October 2000 by the Government through the Ministry of Industry and Commerce in collaboration with the United Nations Development Organisation (UNIDO) with the major purpose of supporting emerging businesses.

Its activities include: providing technical assistance, establishment and management of an enterprise start up fund, and provide technical advice for competitiveness improvement.

Findings:

1. Rwanda exports an average of US\$ 16 per capita compared to an average of US\$100 in Sub-Saharan Africa;
2. The heavy dependency on two export crops makes the country vulnerable to external price shocks;
3. The level of private investment is very low, at 8% of GDP in 1999;
4. It was observed that Rwandan Franc has continued to depreciate relative to other major currencies especially the US dollars for the past four years;
5. Rwanda's foreign exchange resources come from donors and are disbursed through the government;
6. Little export diversification- Rwanda relies heavily on tea and coffee for foreign exchange earnings;
7. Performance of exporters to keep their currency in foreign currency rather than Rwandan Francs;
8. Foreign exchange restrictions laid down by the National bank of Rwanda do not entice foreign currency holders to keep their monies in Rwanda;
9. Banking sectors are inefficient resulting into huge NPL and bigger margin for administrative expenses;
10. Interest rates are very high, however, inflation rates are very low;
11. There is a lack of capacity for implementing privatization programmes;
12. There is a poor demand for State Owned Enterprises for sale;

13. There is lack of capacity and financial management skills in the banking sector, especially in credit management and recovery;
14. Government arrears to the private sector, estimated to be up to 18 billion FRw;
15. There is only one type of bank saving account in commercial banks in Rwanda, that is fixed term deposit;
16. As of now there is no financial services available in Rwanda;
17. Whereas the theoretical setting of the decentralization process in Rwanda in general and CoK in particular appears to be on the correct path, there is a potential danger of failure because of total lack of preparedness;
18. One of the problems hindering the implementation of Medium Term Expenditure Framework (MTEF) is improper capacity building in both core and line ministries;
19. The condition of public toilets in CoK is alarming. This is due to the fact that there are very few public toilets as compared to the number of people who spend their day time within the City. Furthermore the number of public toilets needed in the City is not known hence it is difficult to plan for their availability;
20. About 86% of the households with CoK have toilets whereas 14% have no toilets. Given the number of households without toilets, it means that the impact from their waste disposed is big enough to affect those with toilets;
21. Out of 26 trucks needed for effective trash garbage collection within the City, only 8 trucks are available currently. This explains why different wastes are scattered in most of places of the City;
22. There is no data available on solid waste characteristics for each districts. However, it has been estimated that the population within the City produces about 450 tones of garbage per day and only about 60% of the garbage is collected;
23. It was observed that, sewage and drainage systems almost do not exist within the City;
24. Rwanda is being regarded by foreign investors as a risk country due to its history hence it becomes difficult to market Rwanda as a product;
25. It takes long time for parliament to pass the bill even if it is urgent.

Recommendations

1. There should be concrete steps towards improvement of the image of the country, that is positioning Rwanda as a place to invest in.
2. Do whatever possible to ease the burden of NPL on banks, while the banks deserve prudence in their management. Both measures will help reduce the interest rate charged on loans.
3. Improve on both monetary and fiscal policies so as to create a more stable environment.
4. The foreign exchange regulations should be revised with the purpose of making availability of foreign exchange with minimum bureaucracy
5. Diversify the economy and reduce the country's reliance on coffee and tea.
6. Produce more to send to the export market. The BNR should improve on its foreign exchange regulatory policies.
7. Increase efficiency in the banking system.
8. Establish a free port at Kanombe Airport so as to stimulate business with neighboring countries such as Tanzania, Uganda, Congo, and Burundi.
9. Assist in negotiating with neighboring countries such as Uganda, Kenya and Tanzania, so that Rwandan businesspeople can start using railway for transportation of goods instead of road transportation, thereby reducing transportation cost.
10. Speed up the privatization of the energy and telecommunication sectors so as to make them operate efficiently with the purpose of reducing factor costs.
11. Improve the legal system and speed up the establishment of a commercial court in order to protect banks from the increase of Non-Performing Loans (NPL) which can help decrease interest rates.
12. Involve the private sector in setting new tax rates, and also in harmonizing local taxes with income taxes.
13. Reduce the number of holidays that lead to the closure of businesses such as markets where perishable goods deteriorate, thus causing huge losses to the owners. Study the impact of these holidays on the business community.
14. Establish permanent institutional support such as Small Industries Development Organization (SIDO) (instead of CAPMER which is a project in nature). This will help to foster the growth and development of small industries in the long term, through coordination of the following functions: co-ordination, industrial development, and extension services.

15. Speed up the establishment of new Enterprise Zones, in which the occupants shall have to strictly abide to the EZ regulations.
16. In addition to being a member of MIGA, Rwanda should also think of joining Africa Trade Insurance Company so as to ensure maximum security to investors
17. Furthermore, the CoK should take purposeful measures to build its name in the sub region, and beyond-aiming at making CoK one of the best destinations in the region
18. With the fact that an average of only about two people visits RIPA's office per day, this calls for promotional campaign both within and outside the country with the purpose of making it known to a larger public
19. The CoK officials should streamline administrative procedures that delay the securing of the land needed for investment as well as title deeds, If possible, special section should be established at CoK HQ with the purpose of ensuring that all documents needed by investors are available within the shortest possible time.
20. Devise a comprehensive policy that will create a conducive environment for the micro finance sector.
21. Reduce the 2.5% fee charged to loan applicants who seek the CoK's recommendation regarding collateral ownership within the city. This measure can accelerate investments within the city as loans will be cheaper.
22. Create an umbrella organization that will coordinate all the micro finance organizations at national level. This organization should be charged with setting standards and acting as a spokesperson for its members.
23. Recapitalize UBPR through a one-time capital injection to ensure the long-term viability of the institution.
24. Ensure, through the office that is charged with coordination of micro finance, that the list of participating organizations and their respective areas or beneficiaries is updated so that it will be easier to monitor their success or failure to render necessary assistance when required.
25. Approach organizations such as USAID, which have had experience in other countries, for technical advice.
26. Practice the financial management disciplines of capital reserves accumulation, delinquency control, loan loss provisions, and liquidity management.
27. Encourage commercial banks to establish a micro finance portfolio.

28. Make a concerted effort at the national level to mobilize deposits, because it has been proved that more small loans can be generated from savings made by small depositors.
29. Ensure that all roads are passable throughout the year, and that essential amenities such as water and power are available to make all places equally habitable.
30. Streamline all administrative procedures that delay land allocation and issues of title deeds.
31. Revise the issue of Umuganda on Saturday, so that instead of asking people to contribute physical labour, employers can pay cash for the employees and that money can be used to hire machinery, for example for road construction.
32. Educate the business community about the types of local taxes they are supposed to pay to CoK.
33. Collaborate with KIST in terms of solid waste management, solar energy, rain-water harvesting, food processing, as well as the areas of wood-efficient stoves and bread-ovens.
34. Introduce a certificate of deposit (CD) market and ordinary savings accounts with interest. The certificate of deposit (CD) has an advantage over time deposit in that it is negotiable, that is the holder can sell it at any time before the maturity of the deposit in order to obtain cash. On the other hand, the advantage of a CD to the bank which issues it, is that the deposit remains with the banks for fixed period of time and the funds are not withdrawable until the time the deposit matures (i.e. like an ordinary time deposit). In addition, the introduction of ordinary savings account with interest will attract more people to save their money in the banks since they are assured of withdrawing their money as they please while the outstanding balance attracts interest.
35. Ensure that promised financial transfers are carried out. Presidential order No 08/01 of May 20th, 1997, relating to the transfer of various central government functions to CoK, transferred a number of functions and responsibilities to CoK. The same law stipulated that on top of human and logistical support, the portions of the budgets that covered such transferred functions would correspondingly be transferred to the CoK. This has not happened as was intended. This has exerted additional pressure onto CoK. Whereas some staff members were transferred from relevant central government departments, the budgets, that covered the transferred functions have not been transferred to date. Experience so far has shown that where the central government has promised financial transfers to CoK or allocated funds in the national budget meant to benefit CoK, the actual transfers have been untimely inadequate or simply not done at all. More commitment is required from government to effectively support CoK to meet the

responsibilities transferred to it. It should be noted that whereas Kigali City contribute 80% of all the national revenues, only 0.5% of the national budget has been dedicated to CoK and 8% to all the 12 provinces of Rwanda in the national budget of year 2001.

Conduct a study to determine the appropriate number and places for public toilets constructions. In addition, attend to the following:

36. All places with a high number of commuters such as markets and bus stands should be given priority.
37. Existing public toilets should be cleaned regularly so that people can be attracted to use them instead of going to the bush or other hiding places in the city.
38. Privatize all public toilets under the control of CoK.
39. Allocate land to private entrepreneurs for public toilets.
40. Privatize and commercialize the trash/garbage collection.
41. People should be sensitized through health committees on the importance of proper handling of their domestic wastes.
42. Install separate containers for different types of waste in waste collection centers, e.g. a container for organic waste.

Implement a strategy concerning waste and garbage that includes the following;

43. Market refuse should be utilized for making fertilizers which can be sold to gardeners or farmers, thereby creating jobs.
44. Vegetables peels can be used for animal feeding.
45. There should be a study of how waste can be converted into charcoal, while waste from carpentry works can be used directly as fuel in special stoves.
46. A study should be conducted in all districts to determine the length of places for sewerage and drainage construction in CoK. Those places, which pose more threat to the public, should be the first to be constructed.
47. Drainage system can be employed in an effort to improve public health by preventing the spread of malaria. This type of drainage is known as “anti-malarial drainage” and is provided in low areas where stagnant water forms an attractive breeding place for mosquitoes. Efficient drainage of these areas eliminates this health hazard and often results in further development of these areas after improvement by the drainage exercise.

48. Involve people in identifying, planning and construction of sewage and drainage systems so that they can see the importance of their participation in solving their own problems. This will also result in minimizing the cost.
49. People should also be involved in managing the sewage and drainage areas, for example to make sure that no person obstructs water movement in a drainage system by disposing of solid waste in the drainage. People can form committees, which will oversee those areas.
50. It should be a precondition that every new business engaged in production should prove how it will handle waste. Current businesses, which do not handle their industrial wastes intelligently, should be asked to close.
51. Ensure that each household has a toilet.
52. Sensitize people on the importance of having and using toilets.
53. Teach people how to construct and use ventilated improved latrines (VIP) for improved hygiene.
54. Use the elected representatives in charge of health matters to sensitise the population within each sector.
55. List the households without toilets and give them an ultimatum for toilet construction.
56. Enact by-laws which will take care of minor offences, whereby a household without a toilet can be fined.
57. Ensure that plots allocated have enough space for toilet construction.

Implement a strategy concerning Business Support that includes the following;

58. Speed up the approval of industrial policy so that it gives a clear direction to the industrial sector.
59. Assist in introducing information technology in the industrial sector.
60. Link the industrial sector with the local institutes of technology such as KIST so that operators and technicians can be trained on how to maintain their machines.
61. Introduce Small Industries Services Institutes (SISI) to provide consultancy and training to small entrepreneurs both existing and prospective. Their functions will be: to serve as the interface between Central Government and Local Governments to render technical support services; to conduct entrepreneurship development skills; and to initiate promotional programmes.

PART D: SECTION 1: REVIEW OF EXISTING SOURCES OF REVENUES

ANALYSIS ON THE CURRENT COK REVENUE CAPACITY AND STRATEGIES FOR ENHANCING THE REVENUE.

Local self-government constitutes an important segment of administration. It deals with functions related to local areas and these needs are particularly local in nature. The local government bodies perform duties like sanitation, water supply, street lighting, parks, maintenance of local roads, provision of primary education, libraries, museums, hospitals and dispensaries. The central government has many other important functions to perform and such, the delegation of these functions to local government relieves the central as well as the state government of a good amount of administration work and burden. Also these functions are difficult to perform from some distance. The idea to allocate these functions to local self-governments is based on economy, uniformity and efficiency.

Thus, the justification for a system of local governments flows from the fiscal federalism. The guiding factors in the allocation of services as between different governments should be efficiency, economy and uniformity of treatment. At the level of local self-government, a close link can be established between many governmental services and their financing through taxation etc. It is far easier to base local taxes on a judicious admixture of the benefit-received principle, cost of service principle and the principle of taxable capacity. While, it is very difficult to determine relative taxable capacity of members of society at a national or a regional level, the task is much less difficult at the local level.

The adequacy of resources is indeed a function of the service responsibilities that are devolved to local governments and of the efficiency by which they deliver those services. In other words, it is a function of the legal framework and local capacity. The adequacy of resources must be viewed over time, acknowledging that as economic conditions change the local resource base must reflect those changes. Local governments need buoyant resources, rather than depending on difficult and politically charged national legislative changes to up-date fixed rates or flat fees. Even under a favourable legal frame work resources in some localities may be insufficient so that resource redistribution will be necessary to ensure equitable development.

In the process of fiscal federalism, the CoK has got a unique status. The development of the city and providing essential services to local residents, development of infrastructure and general economic development, is the responsibility of the CoK. All these functions, the CoK is expected to perform under a lot of financial constraints and limited resources. For expansion and strengthening of economic base, therefore, it is important for the CoK to increase its revenue and manage its expenditure in an effective and efficient manner. The significance of this part of the study lies in exploring these aspects of CoK.

Objectives

The study aims at achieving following objectives:

- a) To assess the scope, efficiency and effectiveness of existing revenue sources. Assessing the existing mix of revenue bases and tax rates/services as to whether each is productive, buoyant, equitable, and worth implementation;
- b) To assess the problems with current revenue collection operations, including record keeping; guidelines on revenue collection procedures; personnel training; supporting technology; financial incentives to encourage high collection rates; and effectiveness of enforcement policies tools and procedures;
- c) To assess the potential for new revenue sources: the opportunities for and constraints to the establishment of a new revenue structure for the COK, including a new fiscal relationship with the central government;
- d) To assess the potential for introducing alternative financing mechanism with regard to economic development.

Methodology and Scope of the Study

The study is based on two major sources of information. One source was the approved budgets of the CoK and the other one was an open qualitative questionnaire. Through administering the latter one, it was attempted to collect information on the financial situation of the CoK, their decision-making and controlling procedures, their ideas of how to widen their internal revenue bases and the view points of selected Councillors, Executive Officers and District Mayors on the topic of more autonomy of their respective councils from COK and central Government. The councils visited for the survey were of all the Districts, which falls under the CoK.

Because of time constraints and limited availability of executive officers and councillors, it was not always possible to interview exactly the same officers and council representatives in all eight Districts. In most cases, however, the Mayor or Council Chairperson; Executive Secretary of the Finance and General Purpose Committee; directors of the departments like Finance and Economic Planning, Urban and Physical Planning, the Statistical section of the Ministry of Finance and Economic Planning, officials of the Ministry of Local Government, Public Health, and Public Works were contacted.

On the whole 18 extensive interviews with a total of 35 office holders were conducted; some interviews (at Nyarugenge and Kacyiru, the CoK head office) were group interviews. The information collected through the interviews was supplemented by official statistics and existing reports of the government of Rwanda.

Besides the above, information on the existing system of tax /revenue collection was also obtained through administering questionnaire to tax collectors and clients (tax

payers). In all, 33 tax collectors out of 53 were contacted to seek their view points on various aspects of tax collection system, procedures and efficiency etc. The intention was to meet all the tax collectors but despite repeated visit and appointments only 33 could be contacted. However it is observed that the responses from 33 aptly represents the whole lot of tax collectors. The district wise detail of tax collectors interviewed is as under:

Table D.1. Sample of tax collectors interviewed

DISTRICT	No of tax collectors	Tax collectors interviewed
Nyarugenge	15	8
Nyamirambo	6	5
Kacyiru	7	6
Gikondo	6	2
Kicukiro	7	4
Kanombe	3	1
Butamwa	5	5
Gisozi	4	2
Total	53	33

The Information was also collected from the existing taxpayers. A representative sample of 131 taxpayers was drawn at random. For drawing the size of sample, a list of total number of taxpayers was obtained from the CoK. Single stage stratification, only at the level of district, was done. The total number of tax payers and sample size is given as under:

Table D.2: Sample of Taxpayers interviewed

DISTRICT	No of tax payers	No of tax payers interviewed	Percentage
Nyarugenge	8439	84	One
Kicukiro	2454	25	One
Kacyiru	2202	22	One
Total	13066	131	One

Note that the districts mentioned are prior to re organisation and includes districts of Gisozi, Gikondo and Nyamirambo

For selection of the sample, a list of taxpayers was obtained from the CoK and serially numbered. A single number out 1-100 was selected at random by draw of the lot which came out to be 54. Thus all numbers ending with 54 were considered as sample for the study. However, during the process of data collection when the person falling in the sample was not available then next number was taken as the random number.

The other sources of information included:

- a) Review of various reports, documents and other literature relevant to the CoK in general and local government in particular;
- b) Review of policies relating to decentralisation;
- c) Focussed interviews and discussion with heads of department of Finance and Economic Planning, department of Urban and Physical Planning;
- d) Senior functionaries at District levels.

Organisation of the study:

The study is divided into four sections. First section, deals with existing situation of revenue and expenditure and other issues related with it in the CoK; second section, deals with problem and constraints in fiscal management in the CoK; third section, deals with strategies to augment present resources of the CoK; and the fourth section, deals with summary and conclusions.

Section 1: Existing fiscal management system in the CoK

The city of Kigali is the capital city of Rwanda. The facilities provided by the CoK reflects the development process of the nation. As such there is need for the sustainable economic development strategy for the CoK. This requires greater amount of financial resources. More so resources to be generated internally, which could foster the sustainable development process. This section presents the status of existing base of revenue and expenditure in the city of Kigali in light of responsibilities and legal status it possesses in the overall set up of the country.

1.1. Responsibilities of the CoK

By law, the Kigali City Council is responsible for the management and promotion of development activities in the city of Kigali especially in the following areas:

1. Preparation and design of area plans in the various localities in the city of Kigali;
2. Preparation of master plans for the transportation of people and goods within the city of Kigali;
3. Organisation and supervision of the public transport system in the city of Kigali;
4. Establishing and managing green areas and public parks in the city of Kigali;
5. Establishing an area for the resettlement of people displaced by urban development activities and designate areas for the residential, commercial, industrial and public parks;

6. Putting in place a plan and a programme aimed at overhauling for slum development;
7. Maintenance of physical infrastructure such as roads, bridges and water drainage systems and boulevards in the city of Kigali;
8. Controlling the installation of sign posts in the city of Kigali and naming streets;
9. Putting in place public lights along the streets in the city of Kigali and around buildings;
10. Putting in place a plan for the expansion and management of public cemeteries;
11. Developing safe drinking water sources and protecting the environment;
12. Putting in place public infrastructure development in the city of Kigali;
13. Improving general cleanliness, collection, transport and treatment of solid wastes in the City of Kigali;
14. Putting in place a citywide plan indicating places for buses and taxi stops;
15. Promoting social welfare, culture and sports in the city of Kigali;
16. Promoting education, public health, trade, industry and handicrafts;
17. Promoting co-operation between the city of Kigali and other cities;
18. Follow up and supervision of all other activities in the city of Kigali that are not supervised by the central government.

1.2. Structure of the CoK

To handle all the above mentioned duties and responsibilities in an effective and efficient manner, the CoK has created seven directorates with diverse responsibilities. These directorates are:

- Finance and Economic Development Planning;
- Urban and Physical Planning;
- Public Works;
- Public Health;
- Education;

- Safety and Security;
- Administration, Political, Legal and Local Government Administration.

The first four departments generate revenue for the city of Kigali. Some of the basic functions of the revenue generating departments are as under:

Department of Finance and Economic Planning

The department of Finance and Economic Planning performs following functions:

1. Administration of trade and economic development activities;
2. Extending support to commercial enterprises and other activities related to agriculture, trade and commerce;
3. Administration of revenue collection operations;
4. Execution of financial regulations, accounting standards and procedures;
5. Management of inventories, purchases and storage organisation and corresponding procedures.

Department of Urban and Physical Planning

The department of Physical Planning performs some of the following functions:

1. Administration of the CoK urban planning and development regulations;
2. Extend support to land developers, land use enterprises and survey institutions;
3. Meet the demands of residential, industrial, commercial, trade and animal husbandry enterprises;
4. Mapping, plotting and surveying of the CoK land properties;
5. Control of land use, construction developments and authenticity of mapping;
6. Valuation of immovable properties;
7. Preparation of habitat projects;
8. Maintain a record of all land units and properties;
9. Preparation of land and plot ownership documentation.

Department of Public Health.

The department performs some of the following functions:

1. Regulation of the establishment and operation of industries, garages, and petro stations to ensure the protection of environment;
2. Regulate the establishment of and operation of medical centres, drug shops and restaurants;
3. Establishment and development of programs against diseases especially AIDS;
4. Educating the public in matters of public health, hygiene, and the environment;
5. Provisions of plans and systems to combat accumulation of solid wastes and other types of wastes and their safe and efficient disposal;
6. Ensure cleanliness of bars, restaurants, hotels, markets, gardens and children parks, car parks and other public facilities including toilets, and enforcement of acceptable standards;
7. Ensure storage of high quality and valid products in pharmacies and super markets;
8. The protection of swamps and wetlands against pollution and unplanned constructions.

Department of Public Works

The department performs following functions:

1. Implementation and supervision of all CoK public works projects;
2. Register all roads, major storms waterways and bridges in the city of Kigali;
3. Plan, implement and follow up implementation of design, construction, rehabilitation and repair of CoK roads, bridges, storm-water drainage, energy sources, usable water, sewage systems, estates, gardens, street and traffic lights signs and signals, and communication.

1.3. Legal framework for revenue operations in the CoK

Article 168 to 177 of the law establishing the Kigali City Council stipulates the role of the CoK in collection of revenue and the sources of revenue .The provisions in the various articles is as under:

Article 168: All income and expenditure estimates in the city of Kigali and the cost of service provision shall be included in the annual budget of the city.

Article 169: All revenue for the city of Kigali shall come from the following sources: taxes established by law and service charges established by Kigali City Council. These are:

- Property tax;
- Ground rent;
- Head tax;
- Income from trade licences or other authorisations to carry out lucrative activities in the city of Kigali;
- Market and public parking charges;
- Taxes on hygiene service provision in the city of Kigali;
- Interest on bank deposits;
- Revenue share from the National Road Maintenance Fund;
- Income from dividends or trade;
- Grants from Government and donor agencies;
- Loans;
- Donations and bequests;
- Other lawful sources of income.

Article 170: Taxes decided by Kigali City Council shall conform to laws and regulations in force.

Article 171: The amount of charges levied by Kigali City Council on residents for services carried out on their behalf shall not exceed the actual or reasonably estimated cost of delivery of these services.

Article 172: Any decision taken by Kigali City council in a bid to institute user charges shall not be inconsistent with the laws and regulations in force. It shall stipulate the tax base, the mode of payment and the procedure of appeal in case of dissatisfaction.

Table D. 3. Trends in revenue collections (projected and actual in Million of Rwandan Francs)

Revenue Head	Year (Revenues in Million of Rwandan Francs)									
	1997		1998		1999		2000		2001	
	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual	Expected	Actual
Operating Revenues										
Fixed property	7.032	451.109	714.55	630.494	481.387	566.385	760.832	897.721	2.755.00	
General charges / fees	44.8	1.047	26.5	6.171	17.36	18.68	280.87	162.052	285.120	
Local taxes	556.155	618.172	721.749	680.346	639.619	784.434	575.429	785.027	585.429	
Unexpected income	12.316	6.256		54.506		79.981		128.192	263.510	
Income from exceptional services		4.244		0.36						
Sub/Total	620.303	1080.828	1462.8	1371.877	1138.37	1449.48	1617.13	1972.992	3516.663	
Non Operating Revenues										
Ordinary subsidies	310.276	1.854.599	432	420.944	1337.9	152.579	2610	84.993	810	
Contributions		23.807		14.544						
Loans	308.658		450	332.07		117.929			2337.304	
Sub/Total	618.934	1878.406	882	767.558	1337.9	270.508	2610	84.993	3147.304	
G/TOTAL	1.239.24	2.959.234	2.344.8	2.139.435	2.476.27	1.719.988	4.227.13	2.057.985	6.663.304	

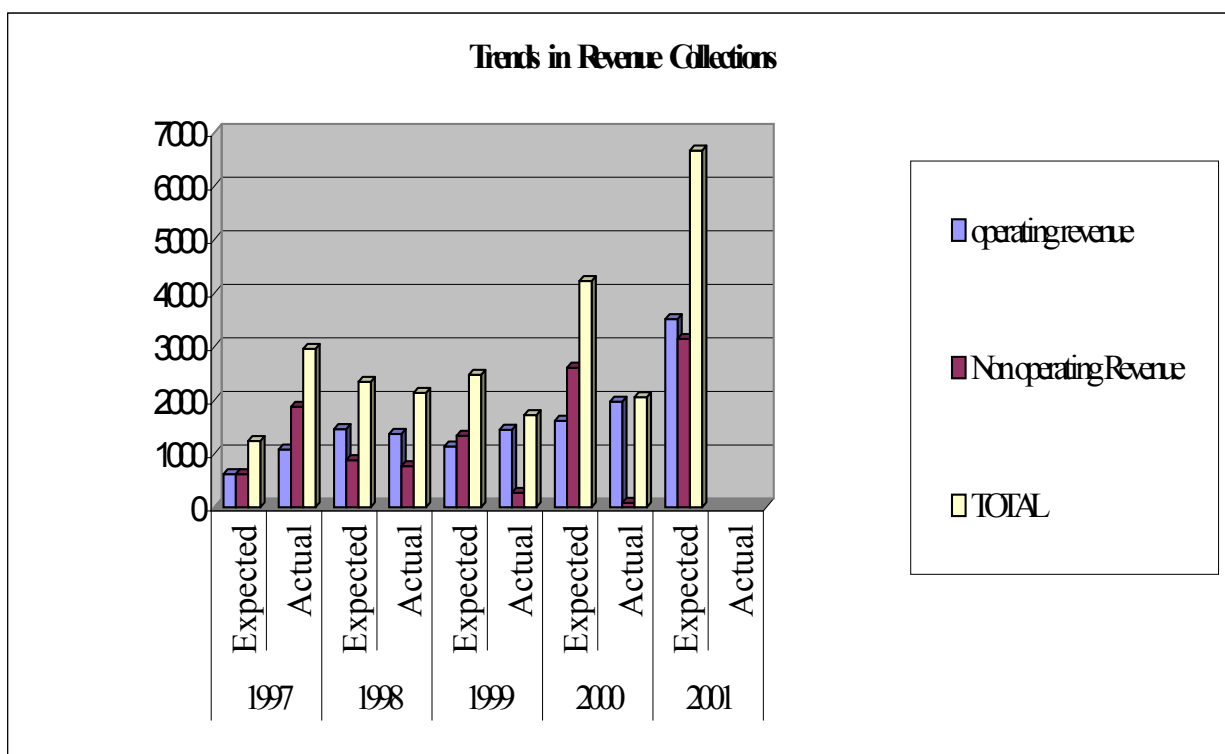
Source; Department of Finance and Economic Planning, CoK

Table: D. 4 Trend of revenue sources in percentages

Income Head	1997		1998		1999		2000		2001	
Operating Revenues	<i>Actual</i>	<i>% of total</i>	<i>Actual</i>	<i>% of total</i>	<i>Actual</i>	<i>% of total</i>	<i>Actual</i>	<i>% of total</i>	<i>expected</i>	<i>% of total</i>
Fixed property	451.109	15.2	630.494	29.4	566.385	32.9	897.71	43.6	2755	41.3
General charges / fees	1.047	0.03	6.171	0.3	18.68	1.08	162.052	7.8	285.120.	4.3
Local taxes	618.172	20.9	680.346	31.8	784.434	45.6	785.027	38.2	585.429	8.8
Unexpected income	6.256	0.2	54.506	2.5	79.981	4.6	128.192	6.2	263.510	4.0
Income from exceptional services	4.244	0.14	0.36	0.02	-	-	-	-		
Sub/Total	1.080.83	36.5	1.371.88	64.1	1.449.48	84.3	1.972.99	95.8	3.516.663	58.4
Non Operating Revenues										
Ordinary subsidies	1854.6	62.6	420.944	19.6	152.579	8.8	84.993	4.1	810	
Contributions	23.807	0.8	14.544	0.68		-		-		
Loans	-	-	332.07	-	117.929	-	-	-	2337.304	
Sub/Total	1.878.41	63.5	767.558	35.8	270.508	15.7	84.993	4.1	3.147.304	41.6
G/TOTAL	2.959.23	100	2.139.44	100	1.719.99	100	2.057.99	100	6.663.304	100

Source; Department of Finance and Economic Planning, CoK

Figure D.1: A histogram showing trends in revenue collections (Projected and Actual) -1997 to 2001



1.4. Trends in the revenue collection at the CoK

In terms of the provision as mentioned above, the CoK has been involved in generation of resources at its own level. Table D.3 and D.4 presents the trends in the revenue collection during the period 1997 to 2001.

Table D.3.shows that there has been 100 percent increase in revenue collection during the period 1997 to 2001.The figure which stood at Frw 1.080 billion in 1997 increased to Frw 1.973 billion in the year 2000 and as per estimates of past 7 months, it is likely to be Frw 2.368 billion for the year 2001.During the same period extra ordinary revenue in the forms of subsidies have declined significantly from Frw 1.854 billion in 1997 to 84.99 million in 2000.The contribution of all types of revenue has increased during the reference period. Despite this per capita revenue has declined from \$ 10.2 in 1997 to \$ 7.2 in 2001.This is against the per capita revenue of \$ 15.2 in the whole African region.

This indicates that the trends in revenue collection are not in line with the expectations and it requires proper probing into various other aspects of revenue collection operations.

1.5. Structure and Trends of revenue collection in terms of various departments:

1.5.1 Department of Urban and Physical Planning

The Department of Urban Physical Planning is dealing mainly with revenue related to land administration. Amongst the various types of taxes charged, the first one relates to entitlement for land given initially for three years. The amount charged is per square meter depending on location where the land is allotted and the purpose for which the land is to be used.

Following is the matrix of tariffs per square meter in Rwandan Francs based on land usage and areas where the land is allotted.

Table D. 5: Tariff for land as per usage

Area	Usage and tariff per square meter in Rwandan Francs		
	Commercial Use	Residential Use	Industrial Use
Nyarugenge	100	80	60
Kimihurura and Kacyiru	75	60	40
The rest	50	40	20
Average	75	60	40

Source: Department of Urban Physical Planning, CoK.

The second source of revenue from land administration by the Urban Physical Planning Department is the fee charged for the issue of the authorisation certificate for commencing any activity for construction or land improvement. The base for charging such fee is per square metre on low standing, middle standing or high standing. At present the groundwork is charged at 250 Francs per sq. metre while one square meter above the ground is charged 200 Francs per square meter.

The third source of revenue in this department is the fees on transfer of land property. The CoK is currently charging 6% of historical cost or revaluation value whichever is higher.

The fourth source of income is tax on rent revenue, which is greater or equal to Frw 15,000 per month. The net taxable revenue is arrived after the deductions of 10% as fixed charge for maintenance, 5% of the value of the property for depreciation rate and any other amount payable as interest on loan is taken against house property. This amount is collected by the CoK on behalf of RRA and is shared between the CoK and RRA in the ratio of 20% to 80% respectively.

The fifth and the major source of revenue, at present in this department, is the amount recovered from the past dues. This task has been given to the private company where the company takes 10% of the total collection recovered.

There is also a miscellaneous income from 2.25% charged on any Loan for which land property is used as a security for the bank loan.

The department of Urban and Physical Planning has been the biggest contributor of revenues towards the total revenue of CoK. Table D.6 presents the figures relating to collection of revenue by the department of Urban Physical Planning. The table shows that this department contributes Frw 1.332 billion revenue, which accounts for 70 percent of the total collection of the CoK. Of the total collection of Frw 1.332 billion 30 percent comes by way of transfer charges, 28 percent as land use rent and 42 percent from others including arrears, building approval plan, and fee on building/housing loans by commercial banks.

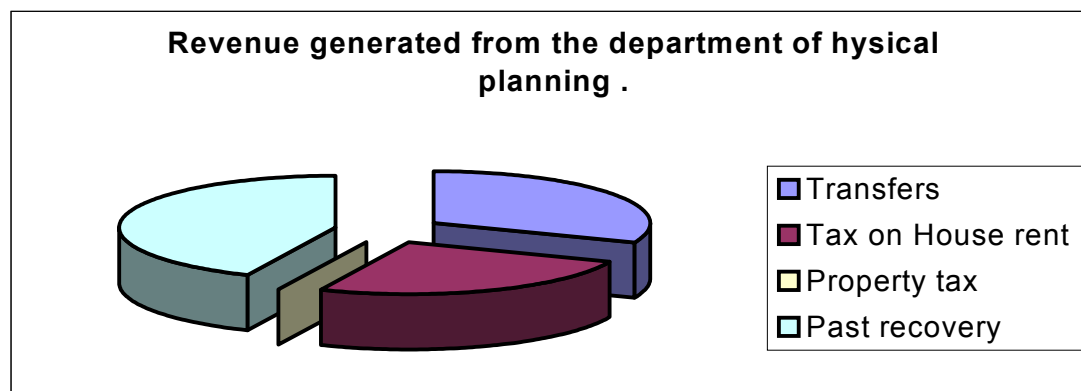
Table D.6: Revenue generated from the department of Urban and Physical Planning

Department of Urban and Physical Planning		
Source	Amount	Percentage
Transfers	399,464,046	30
Tax on House rent	327,833,110	28
Property tax	N/A	N/A
Past recovery	559,249,664	42
Total	1,331,546,820	100

Source: Department of Urban Physical Planning, CoK

Although the department of Urban and Physical Urban is the biggest revenue collector for the CoK, it is revealed from table D.8 that the department is able to achieve only 45 percent of the targeted amount. The discussion with the officials of the department revealed that the low recovery is due to improper and insufficient records relating to ownership of the properties. There is no proper records which can highlight the position of defaulters. In fact it is difficult to identify the defaulters due to missing records. The ignorance of the staff too is mentioned as the reasons for such a state of affairs.

Figure D.2: A pie chart showing percentage of different revenue sources from the department of Urban and Physical Planning.



1.5.2. The department of Finance and Economic Planning

The department of Finance and Economic Planning is another department, which generates a fairly good percentage of revenue for the CoK. This department contributes almost 20 percent of the revenue of the CoK. The main sources of revenue of this department are market fees, and trade licences.

The department estimates to contribute Frw 61.7 million per month during the year 2001(Frw 740.4 millions for the year 2001) towards the total revenue of the CoK. Though the department is very ambitious for its revenue collection for the year 2001, it is found that actual collection per month, so far, are far below the targeted amount. Table D.7. Shows that the actual collection per month so far stood at Frw 32.2 million per month, which is 52.1 percent of the targeted amount. Amongst the Districts there are variations in terms of target achieved. While Nyarugenge contributes the highest amount, the achievement level is only 54.1 percent. The highest percentage of target achieved is 60 percent in Kanombe.

Table D.7. District wise monthly projections and actual collections of revenue by the department of Finance and Economic Planning

District	Expected collections in Rwandan francs	Actual collections in Rwandan francs	Percentage
Nyarugenge	42.190.000	22.825.000	54.1
Nyamirambo			
Kacyiru	6.891.500	2.531.000	36.7
Gisozi			
Kicukiro	8.828.000	4.667.000	52.8
Gikondo			
Kanombe	2.500.000	1.500.000	60
Butamwa	1.359.521	699.182	51.4
TOTAL	61.769.021	32.222.182	52.1

Source: Department of Finance and Economic Planning, CoK

The amount projected from 3 Districts that existed before expansion and reorganisation was 57 million/month while actual collections were 30 million. After reorganisation, the existing Districts were divided into two Districts each and two more from former Kigali rural were brought into the CoK. This has increased the revenue projected from 57 million to around 61.7 million while actual collections increased to 32.2 million per month.

The discussion with officials at various levels revealed that the cause for such a low recovery is misappropriation and dishonesty both at the level of tax collectors and taxpayers. Sometimes, tax collectors accept the lower amount than due without issuing a receipt and don't account for such an amount. There is need to evolve a proper system for overcoming such problems. Otherwise the CoK will continue to lose a big chunk of revenue from this source.

The Departments of Public Health and Public Works generates seven- percent of the total revenue.

Table D. 8: Departmental average revenue collections for the year 2001

<i>Departmental average revenue collections for year 2000 in Rwandan Francs</i>				
Department	Projected Revenue	Revenue Collected	Revenue collected in (%)	% of total revenue projected
Physical Planning	2,958,992,934.00	1,331,546,820.00	45.0	70
Economic Planning	845,426,552.60	422,713,276.30	50.0	20
Public Health	84,542,655.26	63,406,991.45	75.0	2
Public works	211,356,638.20	141,608,947.60	67.0	5
Others	126,813,982.90	98,712,214.00	77.8	3
Total	4,227,132,763.00	2,057,988,250.00	48.7	100

Source: Records of CoK

1.6 Collection of revenue in terms of Districts

There are wide variations in the collection of revenue in terms of the area. Table 9 presents the position of revenue collection in terms of the Districts and departments. It is revealed that Kacyiru (including Gisozi) contributes the maximum amount of revenue in total collections by the CoK followed by Kicukiro (including Gikondo) and Nyarugenge (including Nyamirambo). Of the total collection during the period 2000 Kacyiru collected Frw 790 Million accounting for 38 percent, followed by Kicukiro Frw 503 Million accounting for 24 percent, and Frw 764 Million (37 percent) by Nyarugenge. The contribution of other two newly carved out Districts so far is very small .In terms of departments, the collections by Urban and Physical Planning came maximum from Kacyiru (50 percent), followed by Kicukiro (30 percent).The contribution of Nyarugenge has been very small at 20 percent. The main reason for this is that most of the property transfer and land deals are taking place in Kacyiru and followed by Kicukiro. The Nyarugenge commune has already come to the point of saturation with regard to land deals and moreover, hardly any land is now left in this District for dealings.

However if you observe the tables further, it is found that in case of the department of Finance and Economic Planning, Nyarugenge District contributes the maximum revenue, followed by Kicukiro and Kacyiru at third place. This is mainly because this District is highly developed and commercialised.

D. 9: Actual performance of revenue sources for year 2000

District	Physical Planning	Economic Planning	Public works	Public Health	Others	TOTAL	%of Total Revenue
Nyarugenge	266,309,364	337,817,061.6	56,643,579.2	44,384,893.7	59,227,328.4	764,382,227	37
Kacyiru	665,773,410	42,227,132.7	49,563,131.8	12,681,398.2	19,742,442.8	789,987,516	38
Kicukiro	399,464,046	42,227,132.7	35,402,237	6,340,699.1	19,742,442.8	503,176,558	25
Kanombe	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Butamwa	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	1,331,546,820	422,271,327	141,608,948	63,406,991	98,712,214	2,057,546,300	100
% of Total Revenue	65	20	7	3	5	100	

Source: Records of CoK

1.7 Management of expenditure

While it is important to increase the resource base for better development process, it is equally important to be disciplined on the expenditure side. The expenditure management of the CoK seems to be in very poor shape. It appears that budget as a guideline for expenditure is never followed in the CoK and the expenses are extremely disproportionate to what is planned initially.

Tables D.10 and D.11 shows the trends in expenditure of the CoK during the period 1997-1999. The tables show that during the year 1999 almost 50 percent of the total expenditure were on account of administrative expenses which include mainly salaries. The percentage of expenditure on administration has gradually increased during the period 1997 to 1999 from 30 percent to 50 percent. The other major expenditure is on repairs and maintenance. The amount spent on development expenditure has been very low in comparison to the above two. The enhancement of revenue from the public is proportionate to the investment in public welfare activities. If the welfare activities increase and economy develops, people are willingly prepared to contribute more. As such, the above pattern does not show any favourable situation for the CoK. There is need to focus more on economic and social activities in resource allocation pattern. There is also a need to increase the efficiency of the staff to reduce the expenses on salaries and other administrative activities. Need is also felt to devise a system for better use of transport for reducing the costs of repairs and maintenance.

Table D.10 Trends in expenditure under various expenditure heads for COK.

Trends in expenditure (in million of Rwandan Francs)

Recurrent Expenditure	1997		1998		1999		2000		2001	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Administration expenditure	356	441.74	428.3	408.07	742.7	816.9337	732.537		1219.740	
Economic expenditure	193.9	336.78	333.1	251.36	398.9	363.0099	504.001		1028.935	
Social expenses	60.6	20.582	20.4	23.099	35.14	31.97558	35.000		146.000	
Expenditure in health	77.85	96.153	90.3	86.359	45	40.95	45.000		90.000	
Depenses de tresorerie	55.75	47.136	70	43.723	115.7	105.2906	117.211		301.211	
Miscellaneous expenses	1.06	25.229	29.88	14.331	53.61	48.78874			194.874	
Depenses accidentelles & diverses/misce	69.48	148.48	39.1	61.458	22.77	20.71797	1530.013		130.000	
Transfers	0	0	0	0	0	0				
Budget extraordinaire/contingency	0	0	0	0	0	0				
	0	0	0	0	0	0				
S/T Recurrent exp.	814.6	1116.1	1011	888.39	1414		1530.013		3020.752	
Capital Expenditure										
Purchases	67.71	46.976	100	7.225	0					
Transfers	0	0	0	0	0					
Repair and maintenance	290.6	200.41	1.21	756.2	1.2					
Electricity expenses		0.81	0	4.364	0					
S/T Capital exp.	358.3	248.19	101.2	767.79	1.2		3331.000		3643.215	
G/TOTAL	1173	1364.3	1112	1656.2	1415	1817	4861.93		6663.968	

Source; Department of Finance and Economic Planning, CoK

Table D.11: Trends in expenditure under various expenditure heads for the COK.

Trends in expenditure (in million of Rwandan Francs)										
Recurrent Expenditure	1997		1998		1999		2000		2001	
	Actual	%of Total	Actual	% of Total	Actual	% of Total	Budget	% of Total	Budget	% of Total
Administration expenditure	441.74	32.4	408.07	24.6	816.9337	45	732.537	15	1219.740	18.3
Economic expenditure	336.78	24.7	251.36	15.2	363.0099	20	504.001	10.4	1028.935	15.4
Social expenses	20.582	1.5	23.099	1.4	31.97558	1.8	35.000	0.72	146.000	2.2
Expenditure in health	96.153	7.0	86.359	5.2	40.95	2.2	45.000	0.90	90.000	1.4
Depenses de tresorerie	47.136	3.5	43.723	2.6	105.2906	5.8	117.211	2.4	301.211	4.5
Miscellaneous expenses	25.229	1.8	14.331	0.7	48.78874	2.7	-	-	194.874	3.0
Depenses accidentelles & diverses/misce	148.48	10.9	61.458	3.7	20.71797	1.1	1530.013	31.5	130.000	2.0

Transfers	0	0	0	0	0	0				
Budget extraordinaire/contingency	0	0	0	0	0	0				
	0	0	0	0	0	0				
S/T Recurrent exp.	1116.1	81.8	888.39	53.6	1427.67	78.6	2963.762	61	3020.752	45.3
Capital Expenditure										
Purchases	46.976	3.4	7.225	0.4						
Transfers	0	0	0							
Repair and maintenance	200.41	14.6	756.2	45.7						
Electricity expenses	0.81	0.2	4.364	0.3						
S/T Capital exp.	248.19	18.2	767.79	46.4	389.33	21.4	3331.000	39	3643.215	54.7
G/TOTAL	1364.3	100	1656.2	100	1817		4861.93	100	6663.968	

Source; Department of Finance and Economic Planning, CoK

The discussion with the officials revealed that all those departments which are contributing more towards the revenue of the CoK has a tendency to ask for and spend more in their activities. This is not a desired pattern.

Table D.12: Departmental average expenditure based on projected budget year 2001

<i>Departmental average expenditure based on projected budget year 2001</i>		
Department	Estimated expenditure	% of total expenditure
Physical Planning	45,591,227	0.68
Economic Planning	959,849,401	14.40
Public Health	200,000,000	3.00
Public Works	2,415,080,415	36.24
Districts	2,353,112,472	35.31
Others	690,334,785	10.35
Total	6,663,968,300	100

Source: Financial Records of CoK

1.8 Co-ordination between various revenue collecting departments:

The information given above reveals that the pattern of income and expenditure is quite divergent between the departments. While some departments collect large percentage of revenue, their expenditure is less and on the other side some departments collect small amount of revenue and spend a large amount of total allocation. This type of status sometimes brings in inter-departmental inconsistencies in the demand for funds. This anomaly can be checked through departmental co-ordination. On the basis of the discussion, it was found that revenue collecting activities of all the departments are co-ordinated with one another through reports and meetings. But the records regarding meetings and reports are not available to authenticate the same. As such there is need for evolving a system by which all the revenue generating departments are co-ordinated with each other.

1.9 Impact of decentralisation on fiscal operations

The revenue collection operation and fiscal management in the CoK has been decentralised with effect from June 2001. The information obtained from the officials at district and head office shows that decentralisation has made positive impact on the fiscal operations of the CoK. This has been primarily due to:

- a) Better supervision of work at local level;
- b) Delegation of work;
- c) Better use of human resource at local level;
- d) Comparatively easy regulation of traders and tax payers at small segment level;
- e) Feeling of responsibility amongst the staff;
- f) However the observation of the researchers are different from the viewpoints presented by the officials of the districts. The researchers observed that so far, the district administration has not been able to take the advantage of decentralised set up. May be it is too early to comment as only three months have elapsed since decentralisation was effected. Moreover the advantage of decentralisation shall not be felt until all revenue collection operations are handled according to the organisational plan proposed in the decentralisation system. So far there are so many gaps existing in the system as proposed in the policy on decentralisation.

1.10 Privatisation of revenue collection operations

The heads of the departments, particularly the department of Urban and Physical Planning and department of Finance and Economic Planning were of the opinion that privatisation of revenue operations can facilitate revenue collection operations in a positive way as it decreases the administrative cost and increases actual collection. In fact for collection of past arrears, a company called FIGECO, has already been given the task and the cost of which comes out to be 10 percent of the collected amount. The company during last one year has already recovered 800 million Rwanda francs out of total arrears of 3 billion.

The idea of privatisation is not bad, but it might lead to dislocation of permanent staff already engaged in this work. If permanent staff can be absorbed gainfully by the CoK in some other tasks, then the CoK shall think of privatisation. Otherwise the CoK shall work out alternative strategies for reducing the cost of collection. Some of the alternatives are suggested in the later part of the study.

1.11 Books of accounts and record keeping

The discussion with the staff shows that double entry book keeping system is followed in the CoK for maintenance of accounting records. The accounting records are complete till last quarters. However the observation of the research team reveals that accounting records are irregular and incomplete. The books of accounts are not properly and adequately maintained and double entry system of book keeping is not followed. It is felt that unless this aspect is taken care of, proper reporting system will be difficult to establish.

One of the reasons for this is the lack of qualified accounting staff both at the CoK and District headquarters. Most of the districts are not adequately staffed. In some of the districts like Gisozi and Nyamirambo, there is no one to maintain the accounting records.

Secondly, wherever the accounting system is in place, the accounting staff does not possess relevant qualification in accounting profession. There is only one accounting professional at the CoK. In all districts without any exception the "executive secretaries seems to be the chief custodians for districts funds. These are the people who have been recruited on the merits other than in the area of accounting and fund management.

Thirdly, There is no system of training the employees in book keeping and maintenance of accounts

Fourthly, accounts of the CoK are computerised but only at head office level. In the District headquarters there is no availability of computers at all. The accounting software used by CoK is obsolete and does not give comprehensive applications.

There is no proper past records of accounts available. Although there is a system of keeping the back ups of accounts but they are kept with the individual employee only and as such there is always a chance of misplacing it or losing it.

Table D.13. District wise position of accounting staff and their qualification

District	Number of accounting staff	Number with accounting qualification	Number with general qualification	others
CoK	3	1	2	0
Nyarugenge	3	2	1	0
Kicukiro	1	0	0	1
Kacyiru	2	0	1	1
Gikondo	1	0	0	1
Nyamirambo	0	0	0	0
Kanombe	2	1	1	0
Gisozi	0	0	0	0
Butamwa	2	1	1	0
Total	14	5	6	3

Source; District headquarters-CoK

The system of book keeping and accounting in the CoK shows that single entry system is dominant. The emphasis is put on accountability and trust with very low financial control mechanisms. There is a manifestation of an incomplete records with inadequate recording system. Cash system is widely used with ineffective budget controlling and monitoring systems.

1.12 Audit of accounts

The CoK has an audit system and both internal audit and external audit are used for internal check and verification purposes. The last audit was conducted by RUMA-C.P.A for the period 1999. The audit for the period 2000 has not so far been conducted.

1.13 Arrears of revenue

There are massive arrears of tax and collections outstanding. The default rate is high at more than 30 percent both at the CoK and District level. This is not a positive picture and shows that the efficiency of revenue collection operations is below satisfactory.

1.14 Revenue collection system

The revenue collection system differs from department to department and activity to activity.

The Department of Finance and Economic Planning collects revenue from door to door by employing tax collectors, the process is simpler in case of other departments where the payer is to pay first and then the services are made available to him. Table D 14 shows that average collection per tax collector is FRW 543,125 per month. This figure varies from District to District. In some districts like Nyarugenge the collection per tax collector is more than one million per month and in other Districts like Gisozi ,it is as low as 125,000.

Table D.14: Average efforts of each revenue collector in terms of revenue and target achieved

District	No Collector	No of collectors contacted	Terms of employment	Average Salary per person/month	Average Collection per person/month	Incentive
Nyarugenge	15	8	Permanent/ Probation	35,000	1,050,000	Nil
Nyamirambo	6	5	Permanent	37,000	515,000	Nil
Kacyiru	7	6	Permanent	30,000	530,000	Nil
Gikondo	6	2	Permanent	35,000	800,000	Nil
Kicukiro	7	4	Permanent	36,000	650,000	Nil
Kanombe	3	1	Permanent	25,000	475,000	Nil
Butamwa	5	5	Permanent	12,500	200,000	Nil

Gisozi	4	2	Permanent/ Probation	20,000	125,000	Nil
Total	53	33		230,500	4,345,000	Nil
Average	6.625	4.125	Permanent	28812.5	543125	Nil

Source; District headquarters-CoK

The tax collectors are employed on a permanent basis and average salary paid to tax collectors is Frw 28,812 per person per month. The figures given above are not very encouraging. The collection of tax per collectors is far below the expectations.

The information obtained from the tax collectors revealed that 100 percent of tax collectors are dissatisfied from the salary paid to them and at the same time they were not able to respond properly to the questions about low turnover of revenue by them. It appears that due to the job being permanent and not linked with performance, there has been general lack of commitment on the part of tax collectors. This system has also brought in the element of misappropriation. There is a need for looking into the system and evolving a system, which on one side could satisfy and motivate the tax collectors and increase the tax collection on the other.

Of the total tax collectors interviewed, sixty one percent were found satisfied with the powers and rights given to them for collection of revenue, whereas twenty nine percent were dissatisfied and ten percent were indifferent. Those dissatisfied claimed that though they had the final powers of getting the business closed, they were demoralised by the fact that business can be reopened immediately by paying routine tax without any penalty.

The tax collectors generally complain about visiting the premises more than once. Some of the difficulties encountered by them were:

- a. Non availability of tax payer at the business premises;
- b. Poor cash position of taxpayer on the day of visit or general hesitance on the part of taxpayers;
- c. Non-friendly attitude of taxpayers.

1.15 Enforcement policies

One of the reasons for mounting arrears is existing enforcement policies which are not found effective and there is need for total overhauling of enforcement policies. The large amount of arrears and very less collection per tax collector is indicative of the fact that a large number of people don't take their tax obligations seriously. As the staff have expressed, existing enforcement policies should be made more stringent. A system should be devised to enhance willingness to pay taxes and the system of door to door collection of taxes discouraged.

It is further pointed out that the awareness of local population with regard to commune tax obligations is very low. There is a need for proper education of local residents with regard to their obligation for payments of services which the city of Kigali is providing them.

Enforcement policies also need to be substantiated by the appropriate revenue collection procedures, which so far are missing. These procedures need to include various penal clauses and incentive system for taxpayers to make the recovery speedier.

Although the executives of the COK claim that there is a system for educating people on payment of local taxes, it is found that the effort is too meagre to make any impact on the tax payers and amount of collections. There are announcements and programs regarding tax collection by RRA but this should not be mixed up with the effort of local taxes.

1.16 Tax payers' perception about the existing system of tax collection

The study reveals the various expectations of taxpayers and public in general. The taxpayers have an opinion that taxes imposed are generally high. Eighty one percent (81%) of the sample taxpayer opine that taxes payable are high whereas 19% said it is reasonable. None of the respondent said that the taxes are low. This is natural as no one ever mention that taxes are low. However further probing revealed that while responding to this question they were mixing up their response with their obligation towards RRA. However this feeling is also generated due to the dissatisfaction of tax payers with regard to the existing services provided by CoK. Sixty six percent (66%) of the respondents complain about the inadequacy of services provided by the CoK and expected that that CoK should improve services in different areas in the following order:

- a) Better and safe parking facilities;
- b) Cleanliness of areas surrounding their business premises;
- c) Better maintenance of street roads;
- d) The commercial areas to be separated from the residential areas;
- e) Stoppage of unauthorised street hawkers;
- f) Introduction of skeleton transport service in collaboration with private sector for serving newly carved districts where adequate market facilities are not yet available. These taxpayers are of the opinion that if services are improved, they don't mind sharing the cost. But if the situation is like as it is, then the existing tax collection rate is high.

Seventy percent (70%) of the taxpayers are dissatisfied with the basis of charge. Only 18 percent of them showed their satisfaction while 12 percent showed indifferent attitude.

Out of 131 respondents only 50 (38 percent) expressed that imposition of penalties forces them to pay their tax dues in time. While 72 percent of the taxpayers had an opinion that penalty do not encourage them to pay in time as payment of tax depends upon the availability of funds at an appropriate time.

The local taxes and market fees etc should be based on the level of activity, volume of business area of space occupied and not on the flat basis. The rates of local taxes should vary from area to area.

None of the respondents had any complaint regarding collection procedures of local taxes by the CoK and none of the respondents complained about the insecurity to their business and property.

SECTION 2: ASSESSMENT OF CONSTRAINTS AND PROBLEMS

The discussion in the previous section points towards various gaps problems and constraints in the existing revenue collection operations. An examination of these is essential for formulation of a strategy. Some of these gaps are mentioned hereunder:

2.1 Lack of economic database

The most important constraint in the revenue collection operations is the database relating to various economic parameters. In fact there is a need for complete census to be undertaken for each sector of the economy so as to know what exactly is in place and where. The most important database for laying down any policy framework is population census, employment survey, and industrial survey at Provincial and District level so that disparities could be identified and budgeting procedure could be adopted for income and expenditure management. So far no such data is available which can describe the structure and demands of the Districts in real sense.

2.2 Improper and irregular records

The various departments and directorates are suffering from improper records which is a big handicap in the process of mobilization and allocation of resources. The department of Physical Planning is constrained by non-availability of records and as such is unable to exploit the full potential of revenue generation.

2.3 Lack of adequate information of commercial activity

The Department of Finance and Economic Planning lacks information regarding new businesses started and as such is unable to exploit the full potential. Moreover there is no proper system of monitoring the collections from taxpayers.

2.4 Challenges of transitional phase of decentralization

Presidential order number 08/01 of May 1997, relates to the transfer of various central Government functions and responsibilities, together with their budget resources allocated to it and human resources and logistical support. So far there hasn't been effective transfer of the means to support the functions and responsibilities, which have been currently taken care of by the CoK. Equally there has been physical transfer of duties and responsibilities from head the headquarters of the CoK to the Districts without resources to support the undertaking.

With effect from June 2001 the functioning of the city of Kigali has been decentralised as per new policy. The city is now divided into eight Districts, 43 sectors and 220 cells. There is absolutely no doubt that decentralization will help manage things better as it will give locals a feel for participation in handling all the types of activities in the Districts and Cells. But so far the condition of the districts do not look like that as the infrastructure and human resources required for decentralization are missing in most of the newly created Districts. The employees working in new Districts are not trained to take up the responsibility which they are supposed to handle in the new set up. Unless necessary action is taken immediately, it will take a long time for the fruits of decentralization to mature in the Districts.

2.5 Lack of proper accounting and financial management systems

At the CoK Headquarter single entry system is dominant. An incomplete record with inadequate recording system has been a set back for carrying out a deep analysis of the revenue sources and cost of collections. There is also a serious lack of administrative systems and control mechanisms. The emphasis is put on accountability and trust with very low financial control mechanisms. Cash budget system is widely used with ineffective budget controlling and monitoring systems. There is a complete absence of double entry system.

There is no accounting system existing at all in most of the Districts. Extreme cases have been observed in the newly established Districts like Gisozi and Nyamirambo where there is no single employee in accounting departments. In all Districts without any exception the Executive Secretaries seem to be the chief custodians for Districts' funds. These are the people who have been recruited on the merits other than accounting and fund management qualifications.

2.6 Books and record keeping

Most of the problems related to books and records are related to the department of Urban and Physical Planning. An instance of plot allocation to more than one individual

at the same time is one of the disturbing problems. This situation has led to many complaints from citizens and sometimes has resulted in legal litigation against the CoK.

There is a need for the CoK to demarcate all its land and prepare a map identifying all plots. But lack of qualified staff and appropriate equipment is one of the major reasons hampering this activity. Filing of contracts, titles and other important documents is a critical problem within this directorate. It is often very difficult to locate files just to determine who owns what piece of land.

2.7 Training of staff

The staff working in the CoK is neither trained nor there is any system of training the staff. As such the level of efficiency is very low. Besides this, there is general ignorance about the importance of keeping records and accounts in a proper manner.

2.8 Audit staff

Although an audit system is claimed to be existing, it does not seem to be functional. There are no audit professionals in the CoK who can really adhere to the verification of records and systems.

2.9 Lack of proper information base

The biggest problem faced by many service- based organisations is not the generation of revenue, but rather its collection. The CoK has many sources from which to collect revenue. However, lack of relevant information, poor planning, resource limitations and lack of administrative systems render revenue collection and financial management very difficult. Revenues are also not collected due to several reasons among which are the following:

- a) Within the markets it is difficult to know all the kiosk owners and other operators;
- b) Information on business such as location, date of registration, type of business, change of business, owner of business and his/her contract is difficult to collect, manage and monitor. Collection of plot fees and house rents is made difficult because information on location, ownership, payment status, etc is hard to obtain;
- c) The accounting software in use is insufficient and is mainly being used to process accounting information such as receipts and payments, there is need to improve on many aspects of the accounting system. In particular, the areas of stock control and financial management reporting;
- d) The accounting software is located in only one personal computer without any secure backup system. Financial records are incomplete and kept in formats not conducive for effective financial analysis.

A number of management problems have been identified. The main problem that this Directorate faces is the lack of information to enable it plan strategically and make appropriate decisions. In addition there is a shortage of well-qualified and experienced staff.

2.10 Weak collection system

The door to door system of revenue/tax collection entails a lot of problems. The system is very unproductive with high collection costs. The possibility of collusion between the collectors and taxpayers has been established as the source of poor collection and funds diversion. In some cases it has been noticed that the tax collector could stay with both collections and collection books for over a week without any disciplinary action taken against him or her although it is not permitted all together. The arrears recovered through the task force system are a clear indication of the loose and inefficient existing system.

The study showed that the inefficiency in tax and revenue administration at CoK level has been passed over to the districts level after the collection mechanisms have been decentralised at the districts with effect from 1st June 2001. Out of 33 interviewed tax collectors, 23 were former employees of CoK in their same positions. The collection activities have been decentralised with poor equipment, unqualified manpower and all sorts of inefficiency, which have been existing in the former CoK.

2.11 Legal and regulatory framework

The law establishing the city of Kigali as an independent Local Government entity along with its revenue bases is very old and outdated. The existing law states the areas where taxes are applicable without categorically defining the enforcement tools and procedures. Rates and fees applicable in the existing system need to be re-visited through a broad based and represented committee. All parties concerned including members of the City council, District council, representatives of tax payers and staff or collecting agencies should actively participate in the formulation of these rates.

2.12 Land administrations

Generally there is a lot of problems regarding land administration records seen in the department of Urban and Physical Planning. The records need to be streamlined and land files needs to be properly sorted or reconstructed before the complete decentralization of the activities in the department of physical planing.

5% deduction from the taxable rent revenue is very controversial. The values of the house property are very much deflated so as to enjoy the tax shield on depreciation. This is because of lack of proper and timely revaluation of the house properties. A complete census of all buildings at District and Sector levels might be the lasting solution. The census should be coupled with the expanded land registration formats and a full computerization of all information relating to the land administration.

SECTION 3: STRATEGIES FOR REVENUE GENERATION

3.0 The CoK has tremendous potential for increasing its revenue. The increase in revenue can be looked at from following angles:

- a) Identifying new sources of revenue;
- b) Cost reduction techniques:
 - Privatisation;
 - Better use of existing resources (vehicles).
- c) Improved center/state relationships;
- d) Participating in economic development projects;
- e) Increasing efficiency of the existing system:
 - Accounting system;
 - Filing system;
 - Incentive systems;
 - Reporting system;
 - Training and education.

3.1 Identifying new sources of revenue

The ministry of Local Government and Social Affairs in its report on ' Financial Management and Accounting Procedures ' May 2001, have suggested the following sources of revenue to be exploited by local governments:

a) The locally generated revenue through:

- Taxes from poll tax and property tax;
- Fees from markets, civil marriages and other administrator general registrations;
- Rents for land, buildings, administration property;
- Licenses for trade and commerce;
- Loans approved according to law;
- Proceeds from the sale of District Assets as provided for in the law;
- Dividends accruing from the investments by the Council;

- Compensatory revenue that includes surcharges as determined by the Council;
- Other dues as may be approved by the Council;

b) Government transfers consisting of:

- Unconditional grants;
- Conditional grants: this will include the Common Development Fund established under Chapter 5 of the District law;
- Equalization grants;
- Delegated funds.

3.2 The donor agencies and NGOs will fund programs and activities of Local Government in three ways

- a) The unconditional funding where the Donor or NGO will provide support to the local government without specifying the areas of expenditure;
- b) Conditional funding where there will be a specified function to be carried out and the Administration will perform the agency role;
- c) Specific function that may not require the Administration to manage the utilization of funds and not even the implementation of the program but will be treated as assistance to the Local Government;

In the above mentioned sources, except for property tax, all other taxes and charges are in place in the CoK. It is suggested that the possibility of raising revenue from the following areas should also be looked into.

3.2.1 Fuel surcharge

Upper strata of the society normally use petroleum products as they own motor cars and other vehicles and use the resources of the city. Levy of fuel surcharge by CoK can lead to generation of revenues for the CoK at local level. It is estimated that total consumption of fuel and lubricants in the city is 6 million litres per month and if one percent surcharge (Rwf 3.66 per litre) is levied it shall generate FRW 263.52 million per year for the Cok. Increase in fuel price at the rate Frw 3.66 is too low an amount to make rich people feel the pinch.

3.2.2 Professional tax

Professional tax may be charged from all those who earn a salary of FRW 100,000 or more per month at the rate of 0.75 to 1 percent per month to be deducted at source.

This is another area which might generate minimum Frw 108 million. Earlier per head tax was charged at the rate of Frw 400 per year which was recently abolished due to its impact on small segment of population who were not even earning and its bad management in terms of collection. But if the focus is on the segment which is quite well off and employed in the city of Kigali, professional tax holds relevance. It is estimated that there are 12,000 employees (both local and outsiders) who earn more than FRW 100,000 per month as salary.

3.2.3 Property tax

Property tax is defined as a tax imposed on a piece of property or combined holdings of a person or his net worth. Such property includes land, vehicles, etc. On land, this tax is calculated per square meter or per acre. On vehicles and other engine -powered properties, the tax is based on the power of the engine (Horse power).

Local governments currently have no property tax as a source of revenue. Under the new policy, the rental property tax, currently a minor central government revenue source, will be transformed into true property tax, administered by local governments. Establishing the tax will require a study of current property records and ownership patterns to determine the extent of exempted properties and the adequacy of current records. Central government will lead a study on property tax models, including simplified procedures for cadastral surveys to minimize the administrative requirements in determining the basis for the tax.

A part from property tax, trading fees (patente tax) shall revert to local governments. Similarly, rental tax is expected to revert to local governments, all done in the spirit of tax sharing between the centre and the local governments. This will enhance further the capacity of local governments to fulfil their services responsibilities devolved to them such as health, construction of infrastructure like feeder roads, bridges, and markets, supply of clean water etc.

The introduction of property tax is expected to add two billion Rwandan francs in revenue for the CoK.

3.2.4 Entry tax

Entry tax is imposed on all those goods which enter the city for commercial and domestic consumption. Half percent of local entry tax is expected to raise Rwf 720 million for the city of Kigali. Considering all these alternative sources, it is estimated that CoK can augment its resources by Rwf 5 billion in the immediate near future provided the policies and procedures are properly followed.

3.2.5 VAT contribution

The Republic of Rwanda has introduced VAT with effect from January, 2001. As per the arrangement the collections made through VAT are to be shared with the local governments in the ratio of 20:80. It is expected that RRA shall collect 15 billion Rwf

revenue from VAT during the year 2001. Of this 3 billion is to be distributed amongst local governments on the basis of population, revenue collection and equalisation grant. It is expected that based on the formula devised by Ministry, the CoK shall get one billion francs of revenue.

Table D.15 : Existing and potential revenue sources in millions of Rwandan francs.

Source of local tax	Existing revenue	Additional revenue expected	Total revenue projected
Physical Planning	1,331	1,369	2,700
Others	339	69	407
Finance and Economic Planning	386	354	740
Entry tax	Nil	720	720
Street parking	Nil	200	200
Professional tax	Nil	108	108
Fuel surcharge	Nil	266	266
Property tax	Nil	2, 000	2,000
Driving license charge	Nil	50	50
VAT contribution from RRA	Nil	950.	950
Total	2,057	5,713	8,208

3.3.0 Increasing efficiency of existing operation

Through increasing the efficiency of existing operation there is a possibility of increasing the revenue base.

3.3.1 Department of Finance and Economic Planning

Considering the department wise performance on the basis of the discussion in the previous pages, it is revealed that against the target of Rwfs 61.7 million per month the department of Finance and Economic Planning is collecting only Rwfs 32.2 million and approximately Rwfs 353 million is lost due to internal inefficiencies. This can be improved by introducing proper collection mechanisms. As mentioned earlier poor recovery is due to non-commitment of tax collectors that do not feel motivated because

of low wages and no risk of job. It is proposed that collection should be linked with an incentive system. Table D 16 shows that in most of the sectors in the Districts the target collection has not been met by the tax collectors.

Table D. 16 Secteur-wise average monthly revenue collections and the number of tax collectors involved

District/Sector	No of collectors	Target collections	Actual Collections	Task force collections	Total	Target achieved (%)
Nyarugenge	3	8,290,500	10,893,000	3,473,000	14,366,000	32.5
Muhima	2	4,671,500	2,699,000	0	2,699,000	57.8
Rugenge	1	2,575,500	783,000	232,000	1,015,000	39.4
Gitega-1	1	395,000	0	911	911	0.23
Gitega - 2	1	450,000	208,000	0	208,000	46.2
Nyakabanda	2	2,310,000	1,650,000	179,000	1,829,000	79.1
Biryogo	2	1,865,500	413,000	194,000	607,000	32.5
Nyamirambo	1	787,500	202,000	0	202,000	25.6
Kimisagara	1	1,228,000	338,000	159,000	497,000	40.4
Gatsata	2	558,000	689,000	113,000	802,000	143.7
Kicukiro	3	2,633,000	1,304,000	61,000	1,365,000	51.8
Gikondo	3	3,132,000	1,452,000	1,540,000	2,992,000	95.5
Kacyiru	2	1,808,000	462,500	166,000	628,500	34.7
Remera	3	3,671,000	1,245,500	212,000	1,457,500	39.7
Kimihurura	1	732,000	359,000	0	359,000	49.0
Kagugu+Gisozi	1	258,000	96,000	0	96,000	37.2
others	24	26,403,521	1,239,308	1,858,963	3,098,271	11.7
Total	53	61,769,021	24,033,308	8,188,874	32,222,182	52.2

A fresh survey of all commercial establishments should be conducted on district bases to establish the maximum potential of this source.

3.3.2 Department of Urban and Physical Planning

The department of Urban and Physical Planning also needs to improve upon various aspects. There is need to immediately correct the existing filing system and establish proper ownership records. It is estimated that if all these aspects are taken care of, the department has the capacity to increase its revenue by almost 100 percent. That is the collection of this department can double in a short period of time.

Besides this, the governments' move to introduce property tax will go a long way in increasing the revenue of the CoK. It is estimated that property tax must be introduced at the earliest and it has a potential of increasing the revenue by 2 billion Rwfs.

3.4 Other areas for increasing efficiency

Having gone through the constraints of the existing system for revenue collection, there is need for increasing the efficiency of revenue collection operations.

3.5 Development of proper training strategy for the staff

In order to make the CoK efficient in fiscal management operations, the Councilors and Executive Officers should be trained in separate courses on methods and approaches of financial management of local government resources.

Councilors and executive officers should be exposed to situations, from which they can learn as to how to cope with more autonomy such as short attachments to industry, exposure to more autonomous local government structures in other African countries or to planning and management approaches conducive to run business activity.

Officials of the CoK and Ministry of Local Government and Lands should be exposed to local government reforms in other African countries in order to be able to learn from the experiences of other countries.

Officials of the CoK and Ministry of Local Government and Lands and representatives of the local government authorities should exchange views and information on the progress and the problems of the ongoing decentralization process on a regular and institutionalized basis.

3.6 Enhancing public awareness about taxes and rates

To improve the efficacy of the local revenue operation system, there is a need to sensitize the local public towards the importance of local revenue. This can be done through placing of hoarding, and broadcasting interviews on radio and television. Although RRA is involved in this kind of education, for the local tax system there is no such effort made so far.

Tax collection system should be made simpler and convenient i.e. they should be collected at the time of earning the income.

3.7 Introduction of incentive based payment mechanism both for taxpayers and tax collectors

Some incentives should be offered to the tax collectors especially at secteur level to enhance tax collection. In fact it is recommended that wages paid for tax collection should be linked to the performance of tax collectors. The following incentive system is suggested for tax collectors:

- a) If the collectors collect 750,000 Rwfs per month his/her salary should be normal wages;
- b) If tax collectors collect more than 750,000 Rwfs he/she should be paid normal wages plus 5 percent of the additional amount collected.

The above system might create problems in those Districts where the revenue collection base is small. But in such situation the number of tax collectors should be reduced by transferring them to that District where the potential of tax collection is higher. The number of tax collectors should be proportionate to the amount of work required to be done in an area.

Similarly an incentive system should also be introduced for the taxpayers. Taxpayers who are prompt in payment of taxes before the due dates or are willing to pay lump sum taxes in advance for full year should be given concession in the form of financial incentives. Those who delay beyond unreasonable period should be penalized.

3.8 Decentralization for improving efficiency

The adequacy of resources is indeed a function of the service responsibilities that are devolved to local governments and of the efficiency by which they deliver those services. In other words, it is a function of the legal framework and local capacity. The adequacy of resources must be viewed over time, acknowledging that as economic conditions change, the local resource base must reflect those changes. Local governments need buoyant resources, rather than depending on difficult and politically charged national legislative changes to up-date fixed rates or flat fees.

Fiscal decentralization is very crucial for improving the efficiency of local governments. This is because as decision making is being devolved to the local authorities, the local authorities will need funds to finance programs that arise from their decisions. This can only be achieved through a tax system, which is decentralized to the local level.

As per the latest policy on decentralization, there should be a provincial level of organization. Under this, the District will be a legal entity with financial and administrative autonomy. Over time, a significant number of service provision responsibilities will be transferred to this level. Service provision responsibilities will include basic infrastructure, social services such as health, education, economic development, socially vulnerable groups, water supply, land titles and management, and youth related services. Further service responsibility distinctions are made between urban and rural Districts, based on population and economic activities carried out. The policy on decentralization has focussed on certain specific areas relating to fiscal management to improve the efficiency of local governments. The researchers feel that if these areas are given due attention, the results will be forthcoming soon. The following are the areas in the policy:

- a) Expanding the local government own source revenue base.

- Expanding Districts' own source revenues by creating a tax sharing arrangement on VAT;
- Providing Districts with more authority in establishing rates for local taxes, fees and licenses;
- Authorizing local governments to levy and strengthen their ability to calculate fees based on service cost for all commune services;
- Establishing local government property tax and transferring some taxes from central to the local governments

b) Establishing a sustainable development finance system.

Creating a development financing mechanism that combines lending, grants, communal budgetary contributions, and community partner contributions.

c) Establishing a development fund to provide grant support for local development budgets.

d) Strengthening financial management and control system.

Establishing a strong local government audit and inspection system by appointing an internal auditor, strengthening the periodic inspection capacity and making provisions for periodic external audit.

Strengthening strategic planning capacity in local government.

Establishing a program or service based budgeting system for districts.

3.9 Development of proper accounting and auditing system

There is a need to adopt the proper accounting systems for revenue collection. The Ministry of Local Government has suggested in its manual 'Financial Management and Accounting Procedures for District Local Governments' a procedure, which the researchers feel is quite comprehensive and if implemented can improve the efficiency of the CoK.

3.11. Cost saving strategies

Cost saving measures, which can be applied by the CoK are ranging from privatising or abolishing certain services to a more efficient use of resources and manpower. However, the first step in any cost saving measure is the realisation that operations are not run as efficient as possible and that there is need for making a more efficient use of resources.

For the CoK to aim at cost saving, it is necessary that those budget line provisions are adhered to and that only in exceptional cases supplementary expenditures are endorsed. An additional incentive for cost saving administrative behaviour is an avenue where the CoK may raise substantial amounts of its income.

In the case of Rwanda, the administrative environment and the routine of financial management are not very conducive for such insights. In other words, particular for District councils cost saving is often not a priority. If they exert cost saving measures it is only for bridging short-term liquidity gaps through postponing or delaying approved expenditure.

3. 12 Privatisation as a measure of cost saving

The CoK appear to have so far exerted relatively few cost saving measures, mainly because there are no encouraging regulation in place forcing the local authorities to save rather than to spend. Privatization of some of the services and the collection process can bring down the cost of services and improvement in the services to a great extent. Some of the services like garbage collection have been privatized in the neighbouring countries and the system has worked well. Similarly the system of street parking is an area, which can be pursued through private arrangement. Moreover, some of the urban authorities have also leased out to private companies the provision of security for their buildings. Although this has resulted in the abolishment of a number of jobs it has reduced costs by more than half and has increased the quality of security.

3.13 Better management of the assets

It is extremely important for the CoK to manage their assets particularly the moving vehicles, as the expenditure on repair and maintenance is unexpectedly high. It is proposed that some of the operations involving own transport should be privatised to reduce the cost of maintenance and repairs.

3.14 Management of financial resources by the CoK and Districts

Another issue to be tackled with a view of evaluating the capacity of local government authorities to cope with increased decentralization is the ability of the CoK to manage their financial resources. Most of the District councils are lacking the managerial capacity to handle their financial affairs in a satisfactory way. This is evidenced by some cases of substantial deviations in the estimates of incomes and the numerous complaints of the government auditors about financial mismanagement by councils.

Financial management of the CoK must include:

- a) The preparation of estimates;
- b) The compliance with management procedures such as auditing and tendering; and;

c) The operation of bank accounts and bank deposits;

During the visits of different councils in the course of the survey a number of councillors and executive officers were arguing for more power to be vested in the local authorities. Their argument was that needs and problems of councils could be much better dealt with if the councils would have the power to make their own decisions especially with regard to fees, taxes and by law enforcement. This claim, however, was at least partly found to be based more on wishful thinking than on available resources and capabilities.

The actual financial management abilities of Districts are barely sufficient to cope with the existing situation of relatively small requirements in this respect. The majority of Districts are ill prepared for the demands of an effective decentralization policy. With the exception of a few Districts none is prepared to exert cost saving measures in order to reduce the existing dependency from central government and to use the available resources in an efficient manner. Even if councils are given access to new sources of internal revenue, they might not be able to manage and exploit them to the extent that their dependency from deficit grants will actually - and as intended by the envisaged reforms - decrease. Problems in the annual and daily management of financial resources have been recorded in many instances confirming the assumption that most of the councils are already hard - stretched to manage the scope of their current financial responsibilities.

However, for a devolutionary reform strategy to take root the financial management capacities of Districts would have to be strengthened, and the attitudes of Councilors and Executive Officers alike would have to be changed towards more self - responsibility in order to prepare them for an increased amount of autonomy.

3.15 Additional specific recommendation for improving the efficiency of revenue collection

Immediate acquisition of back-up facilities for the financial management information in the accounting software and forming special revenue task force to co-ordinate all the revenue generating directorates and to follow up all revenue collection matters in a co-ordinated manner.

3.16 Budget formulation process

The budgeting process is not followed the way it has been designed in the CoK. There is a tendency to rely on the drafts influenced by the directorate of Finance. The Districts do participate in the budget formulation process but the legacy of receiving funds without relating to the budget set has lessened enthusiasm of the major players in the budget process. The CoK has a role of approving the budget. It is suggested that to improve the efficiency of the CoK fiscal management, the proper budgetary process should be followed. The budget formulation process is supposed to directly involve presentations from departments, directorates, and the Districts. The process is guided by the director of Finance and economic Development who provides indicator guidelines. The

departments provide their wish lists, the Districts produce their budgets that are discussed in a joint meeting and a general CoK budget agreed, but with the districts budgets clearly defined. Normally, the budget is supposed to be approved by the council, which is currently non-operational. The various Districts are supposed to receive quarterly releases from the CoK to run their respective Districts budgets.

3.17 Initiating commercial ventures

It is very important that the CoK initiates some of its own commercial activities solely or in collaboration with private partners. Establishment of conference facilities and recreation halls for the public can mean initial investment, which can be sought from banks or other funding agencies, but proper viability can bring revenue for the CoK on long term basis for the local authority .

3.18 Central/State fiscal relationship (government transfers)

There has been considerable argument over sharing of the resources collected by local authority on behalf of the central government or otherwise. The CoK officials are of the feeling that there should be more funding coming from the central government for the CoK. The process of decentralisation and the procedures for accounting recently adopted by the government incorporate some of the above suggestions. As per the recommendations of new policy provisions that have been laid down, it is recommended that they should be adopted by the CoK and Republic of Rwanda .

3.19 Expenditure management

There is a need to follow a proper payment mechanism for every item stated in the budget for proper financial discipline. The system for expenditure has been devised under the 'Financial Management and Accounting Procedures-Ministry of Local Government ' and this must be followed.

3.20 Donor funds

For Poor countries like Rwanda donor funds contribute a lot in the development process. While there is an effort to generate local revenues for sustainable development, the efforts to bring donor contribution should not be left behind. In fact it is important for the CoK to concentrate on the recurring budget from local resources and should seek the development budget from donor institutions. This type of funding can help the CoK in initiating some big projects in the area of city tourism, development of infrastructure, and increasing commercial activity base. All these activities shall become a source of revenue in the long run.

4. Summary and conclusions

The general level of resources is low and there are wide disparities in revenue mobilisation among Districts that are due primarily to differences in economic base, rather than differences in management capacity.

The Districts' (Communal) revenue base is very narrow. Revenue is primarily generated by flat taxes or fees imposed on small scale activities. In this way, revenues are static, they do not reflect changes in the level of economic activity within the Districts. In addition, major economic activities within Districts' jurisdictional areas are not subject to local taxation and, therefore, do not contribute directly to the local income (finances).

Districts that have more significant revenue flows make sizeable transfers to their development budgets. However, the potential for leveraging additional resources for the development budget through loans is not part of the CoK development financing strategies. This is due to a combination of lack of skills and knowledge, inadequate management systems, and a constraining legal framework.

Although at present the CoK has a narrow base of local taxes for generation of revenue, it is found that the CoK so far has not utilized fully its potential for increasing the revenue base. As such, the trends in revenue collection are not in line with the expectations and it requires proper probing into various other aspects of revenue collection operations.

The biggest source of revenue for the CoK is Urban and Physical Planning department, which contributes almost Rwf 1.3 billion towards the total revenue. But this amount is not even half the potential, which this department can manage.

The department suffers from extreme lack of efficiency and improper records. The bad filing system, improper records, and ignorance of the staff is making this department lose more than one billion of revenue per year.

The department of Finance and Economic Planning is the second biggest source of the CoK revenue. It has potential of collecting RWF 61.7 million per month. But as per records available, the department collects only Frw 32.2 million per month thus losing almost Frw 353 million per year.

Improper record keeping and collusion between tax payers and tax collectors is one of the biggest causes of poor collection .

Kacyiru and Neregence were the biggest contributors of revenue during the year 2000 having 38 and 37 percent share respectively. However the data according to present District distribution will be available only after the end of the fiscal year of each District.

The contribution of the department of Physical Planning came to maximum from Kacyiru followed by Kicukiro. Whereas in Nyarugenge, the department of Finance and Economic Planning was in lead. This is primarily due to lopsided development of commercial activities in various Districts.

On the expenditure side, most of the expenses were on administration (salaries), repair and maintenance, and very little amount is being spent on development of economic activities, health and education. This is not a favourable trend for the development of the city. There is need for complete fiscal discipline and laying down of priorities to be followed throughout budget execution.

There is no co-ordination between the various departments and one of the reasons for fiscal indiscipline is lack of co-ordination between the departments.

The administrative set up of the CoK has been decentralised with effect from 1st June 2001. Although it is expected that the decentralised set up will facilitate revenue collection operations, it is observed that Districts are not fully prepared to meet this challenge so far. There is lack of trained staff and systems too, are not in place.

The privatisation of revenue collection operations in the Physical Planning department has increased the collections during the current year and looking into this aspect, some more activities can also be privatised. This can help to a great extent in increasing the revenue collection but placement of existing permanent staff in other jobs will have to be catered for.

There is absolutely no proper system of maintaining books of accounts and all books of accounts are incomplete and irregular. Single entry system is dominant and the staff involved in the account keeping is not qualified at all.

In the Districts, the situation of book keeping is rather dismal, as there is no staff at all in some of the Districts.

Although computerisation of accounts is claimed to be present, the software used is obsolete with very little applications.

The recovery of the taxes is quite poor with default rate more than 30 percent everywhere.

There is lack of proper training system in all types of jobs related to revenue collection operations in the CoK.

There are different systems of revenue collection in use in the CoK. The department of Finance and Economic Planning is collecting the revenue through tax collectors and in the department of Urban and Physical Planning, the taxpayer himself has to deposit the tax dues on the CoK bank account. Other departments charge levy at the time of providing users services.

The collection system is characterised by many weaknesses. Tax collection efficiency is very low and the morale of tax collectors is very down due to low wages.

There is no incentive system in place for tax collectors and taxpayers.

Enforcement policies though in place are not very effective. One of the reasons for mounting arrears is existing enforcement policies which are not found effective and there is need for total overhauling of enforcement policies.

The awareness of local population with regard to District/Commune tax obligations is not good. There is a need for proper education of local residents with regard to their obligation for payments of services which the city of Kigali is providing them.

Enforcement policies also need to be substantiated by the appropriate revenue collection procedures, which so far are missing. These procedures need to include various penal clauses and incentive system for taxpayers to make the recovery speedier.

Although the Executives of the CoK claim that there is a system for educating people for gaining support for local taxes, it is found that the effort is too meagre to make any impact on the tax payers and amount of collections.

These taxpayers are of the opinion that if services are improved, they don't mind sharing the cost. But if the situation is as it is, then the existing tax rate is high.

Majority of the taxpayers are dissatisfied with the basis of charge. The local taxes and market fees etc should be based on the level of activity, volume of business, area of space occupied, and not on the flat basis. The rates of local taxes should vary from area to area.

Majority of the taxpayers are not influenced by imposition of penalties to pay their tax dues in time. While 72 percent of the taxpayers had an opinion that penalties do not encourage them to pay in time as payment of tax depends upon the availability of funds.

None of the respondents had any complaint regarding collection procedures of local taxes by the CoK and none of the respondents complained about the insecurity to their business and property.

There is massive potential of increasing the tax base in the city of Kigali. Many new taxes can be introduced which will affect only those who have capacity to pay i.e a comparatively well off class of the country. By introducing these taxes the CoK can augment its revenue by almost five billion per year.

The revenue capacity can be enhanced by cost effective measures also.

The property tax should be immediately introduced. This is one of the biggest source of revenue in almost all the neighbouring countries but so far it is not applicable in the CoK

Physical Planning activities should be quickly decentralised at District level so that taxes on property can effectively start to be charged. Communal taxes law should be prepared

and enacted. The current law states the areas where taxes are applicable but it doesn't categorically define the enforcement tools and procedures.

Registration of all business centres/premises should be applied for and approved at District level.

The fiscal relationship between RRA and local governments should be commended in favour of District's revenues vis a vis type and size of the business.

There should be a standardised accounting system in all Districts.

There should be a high level of reducing the door to door system of tax collection. It is suggested that the current system should remain for the small-scale business, while the medium and large scale businesses should deposit their monthly tax obligations directly into the common bank accounts between the CoK and Districts. If this is properly effected it will help in the number of cases including: reduction of collection costs, and avoiding collusion between the collectors and payers which currently contributes to the wide diversion of tax revenues.

The system of depositing taxes at the bank accounts will foster the legal binding for the local taxes obligations.

There should be a wide range of education to the population about the need and importance of local taxes including: public gatherings/meetings, and Radio and TV advertisement. Privatization of some of the revenue sources such as an organized parking system is highly recommended.

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